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Reforms advanced to remove innovation barriers

By XU WEI in Beijing
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China will step up reform to support innovation by removing barriers to entrepreneurship and innovation.

The decision was made at a State Council executive meeting chaired by Premier Li Ke-qiang on Wednesday.

The meeting decided that the government will roll out a host of reform measures that have been tested in eight areas, including the Beijing-Tianjin-Hebei region, Shanghai and the Pearl River Delta, since June 2016.

Among them: Eligible foreign students with academic backgrounds equal to or above the master's degree level would be able to apply for a work permit or a work-related residence permit. The one-stop application and issuance of work permits for foreign experts will also be made available nationwide.

The meeting also decided to test a program in the aforementioned eight areas that allows foreigners to apply for permanent residence if their income, tax payments and duration of work in China meet a certain standard.

Chinese leaders have stressed the importance of the innovation-driven development strategy on multiple occasions.

President Xi Jinping said systematic, comprehensive and coordinated reform should be tested with innovation-driven development as the target, innovation in science and technology at the core and the removal of systematic and institutional barriers as the main focus of the efforts.

Li called for major progress in systematic and institutional innovation, with focus on breaking the fragmentation in the allocation of innovation resources.

"We must give full play to the role of innovation in spurring entrepreneurship and employment, and speed up the transformation of innovation into real productivity," he said.

The meeting on Wednesday decided to enhance the support to the innovation of SMEs and micro enterprises with more targeted measures. One-stop investment and financing information service for small and medium-sized enterprises would be made available nationwide. That would include a pledge for patent rights associated with loans, insurance and risk compensation.

The protection of intellectual property rights will be taken to further heights, and measures

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BRICS summit to lift global growth

Event to send positive signals for open markets at a critical time

By AN BAIJIE in Beijing
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The upcoming BRICS Summit is expected to be a force strongly propelling global economic growth and sending positive signals for open markets, both crucial at a time when the world's economic recovery remains unsteady, Foreign Minister

Wang Yi said on Wednesday. President Xi Jinping will chair the summit to be held in Xiamen, Fujian province, from Sunday to Tuesday. Xi will also preside over the Dialogue of Emerging Markets and Developing Countries and attend some other events, such as the opening ceremony of the BRICS business forum, Wang said.

Speaking at a news conference, the foreign minister said that the five BRICS members — Brazil, Russia, India, China and South Africa — will focus on key areas of economic cooperation through such means as establishing a working group for e-commerce.

Leaders from five other emerging markets and developing countries — Egypt, Guinea, Mexico, Tajikistan and Thailand — will attend the summit and engage in dialogues with the BRICS members amid China's efforts to build BRICS Plus,

a wider "friends circle" of developing countries.

"BRICS is not a closed club," Wang told reporters, adding that the BRICS Plus idea put forward by China this year has been welcomed and supported by many other developing countries.

He pointed out that not only have the BRICS members held

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Foreign Minister Wang Yi tells reporters on Wednesday that BRICS members will focus on key economic areas. KUANG LINHUA / CHINA DAILY

Afghan children to get free surgery



Children from Afghanistan who have congenital heart disease arrive at Urumqi International Airport, in the capital of the Xinjiang Uygur autonomous region, late on Wednesday to receive free surgery through a Belt and Road humanitarian program. WANG JING / CHINA DAILY

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Renminbi rises strongly against US dollar

By XIN ZHIMING in Beijing
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China's central bank raised the yuan's official central parity rate to 6.6102 per US dollar on Wednesday, the strongest level since mid-August 2016. Analysts, however, expect that the currency will not continue to rise as strongly in the coming months if the dollar rebounds.

The yuan's midpoint rate, set by the People's Bank of China and seen as a guide for market transactions, was 191 basis points higher than on Tuesday, when it already had risen by 60 basis points over Monday. One percentage point is 100 basis points.

The yuan also rose strongly against the dollar in offshore markets on Wednesday, hitting the highest level in 14 months. The yuan has risen by about 5 percent against the dollar

since the start of the year.

"The strengthening is built on China's economic fundamentals," said Zhao Qingming, chief economist at the China Financial Futures Exchange. "The trend is clear that the Chinese economy has started to stabilize and improve while the US economic recovery seems to be rather fragile."

A weaker dollar is also a factor behind a rising yuan. The dollar index that tracks the greenback's value against six major currencies fell as low as 91.621 in intraday trading on Tuesday, its lowest since January 2015.

"Due to the weakening of the dollar, traders have opted to sell their dollar holdings recently, pushing up the yuan," said Xiao Lisheng, an economist at the Institute of World Economics and Politics of the Chinese Academy of Social Sciences.

6.6102
per US dollar

Yuan's official central parity rate on Wednesday as set by China's central bank

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"They previously may have wanted to sell dollars when the greenback rose. But the introduction of the 'countercyclical factor' to the yuan's pricing model against the dollar has pushed up market expectations for a stronger yuan, forcing those traders to settle their dollar holdings."

Monetary authorities said the factor has been introduced to

moderate cyclical fluctuations driven by irrational sentiment in the foreign exchange market. The factor, introduced in May, takes greater account of overall economic conditions and how they influence the yuan.

Xiao said statistical modeling shows that the yuan's value has become increasingly sensitive to changes in the dollar. Therefore, if the dollar is near the bottom and starts to rise in coming months, the yuan may drop accordingly.

The dollar's recent weakening has gone beyond general market expectations, said Liu Dongliang, an analyst at China Merchants Bank. "The possibility is high, therefore, that the dollar may rebound in the coming months," he said, adding that the yuan may have bigger two-way fluctuations against the dollar.

Space firm launches R&D on hyperloop

By ZHAO LEI in Wuhan
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China Aerospace Science and Industry Corp, one of the nation's major space contractors, announced that it has launched research and development into a futuristic ultrafast transport system popularly known as a hyperloop, in Wuhan, Hubei province, on Wednesday.

The CASIC hyperloop will be a maglev line on which a streamlined, engineless train will travel on partly elevated tubes or tunnels at superfast speeds reaching 1,000 kilometers per hour, according to a news release published by the company at the Third China International Commercial Aerospace Forum in Wuhan.

CASIC is the first Chinese enterprise and the world's third, following the United States' Hyperloop Transportation Technologies and Hyperloop One, that has started developing a hyperloop system capable of reaching 1,000 km/h. The project will benefit from the company's experience in systems engineering and supersonic vehicles, CASIC said.

Mao Kai, chief designer of the system at CASIC, said his company is working with more than 20 domestic and foreign institutes on the project, adding that technicians are striving to develop key technologies like those used for building an elevated tube.

"In the future, we will develop technologies that allow a train to travel at 2,000 and even 4,000 km/h," he

said. "Once our development is successful, we plan to construct a short-distance line for trial runs."

The 1,000 km/h and 2,000 km/h versions could be used for intercity networks while the 4,000 km/h version could form part of a transnational ultrafast transportation network, CASIC said.

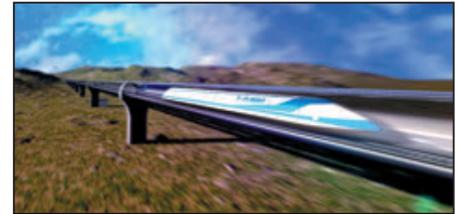
China's fastest bullet train travels at about 350 km/h though its designed maximum speed is 400 km/h, according to the China Academy of Railway Sciences.

The nation has also tested an ultrafast bullet train that is able to travel around 600 km/h, but its designers said it was built to test next-generation railway technologies rather than for commercial operation.

The maglev's acceleration and deceleration in the tube would be slow and smooth for passenger comfort, Mao said. Landforms and engineering considerations would determine whether a line is built aboveground or underground, he said.

The idea of using magnetic levitation and a low-pressure tube to transport people or cargo was floated by scientists years ago. It gained new traction in 2012 when tech tycoon Elon Musk, CEO of SpaceX and Tesla, made public his aspiration to build a hyperloop between Los Angeles and San Francisco.

Hyperloop Transportation Technologies and Hyperloop One have designed and produced prototypes and have inked agreements with several nations to perform feasibility studies, reports say.



Rendering depicts a hyperloop train. PROVIDED TO CHINA DAILY



Canadian farmers are finding demand for their wild blueberries in China. NA LI / CHINA DAILY

Wild blueberries juice up Canada's exports

By NA LI in Toronto
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Wild blueberries from Atlantic Canada and Quebec are surging in popularity among the world's health-conscious — and adding to Canada's export coffers.

The rising demand for the low-brush blueberries and byproducts — especially from the massive Chinese market

— has stimulated development of farms and related businesses and contributed significantly to the economies of five Canadian provinces.

Atlantic Canada includes the provinces of New Brunswick, Nova Scotia and Prince Edward Island, and Newfoundland and Labrador province.

Nova Scotia is the wild blueberry capital of North America. With its favorable oceanic

climate and soil, its wild blueberries are managed on a two-year crop rotation cycle, leading to the production of about 60 million pounds each year.

That translates into C\$100 million in worldwide sales, mainly to the US, Europe and East Asia.

There are an estimated 1,100 wild blueberry growers in Nova Scotia, many who have passed the farmland and family

businesses from generation to generation.

Art Sargent, who runs an old garage, C.E. Sargent & Son Ltd in Parrsboro, owns 850 acres of wild blueberry farms on the outskirts of Halifax. He has tended to the family farm business for decades.

In an interview with China Daily, Sargent introduced his daughter Stephanie as a third-generation hand at running

the sprawling family blueberry farm.

"The wild blueberry business has been a great family business for us the last 25 to 30 years, and we hope to get another 50 years out of it," said Sargent. "Nova Scotia is a

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Harvey shifts wrath east, to Louisiana

Death toll of storm rises to 25; Houston area inundated as thousands stranded

Tropical Storm Harvey spun across southeastern Texas into Louisiana on Wednesday, sending more people fleeing for shelter after swamping Houston with record rains and flooding that killed at least 25 and drove tens of thousands from their homes.

The slow-moving storm has forced 32,000 people to seek shelter since coming ashore on Aug 25 near Corpus Christi, Texas, as the most powerful hurricane to hit Texas in more than half a century. On Wednesday, it pummeled a stretch of coast from Port Arthur, Texas, to Lake Charles, Louisiana.

Among the latest deaths reported were two people who drowned while driving through high water near Simonton, Texas, 40 miles west of Houston, Major Chad Norvell of the Fort Bend County Sheriff's Office said on Twitter. Houston's KHOU-TV reported that an infant girl was swept away by floodwaters as her parents were driving from Houston toward Louisiana on Highway 150. Police in Harris County, home to Houston, said 17 people remained missing.

Busloads of people fleeing floodwaters around Port Arthur arrived in Lake Charles, joining local residents who had already packed into shelters to escape waterlogged homes.

Harvey was forecast to drop

a further 3 to 6 inches of rain on Wednesday, with a storm surge of up to four feet along the western part of Louisiana's Gulf Coast. The floods shut the nation's largest oil refinery in Port Arthur in the latest hit to US energy infrastructure that has sent gasoline prices climbing and disrupted global fuel supplies.

Moody's Analytics is estimating the economic cost from Harvey for southeast Texas at \$51 billion to \$75 billion, ranking it among the costliest storms in US history.

"The worst is not yet over for southeast Texas as far as the rain is concerned," Governor Greg Abbott said.

He warned residents of storm-hit areas to expect floodwaters to linger for up to a week and said the area affected was larger than that hit by 2005's Hurricane Katrina, which killed more than 1,800 people in New Orleans, and 2012's Superstorm Sandy, which killed 132 around New York and New Jersey.

The population of Houston's metropolitan area is about 6.5 million, far greater than New Orleans' at the time of Katrina. Abbott asked that the federal government spend more on rebuilding Texas' Gulf Coast than it did after the earlier storms.

REUTERS



Two men take their possessions out of Tropical Storm Harvey floodwaters by kayak in north western Houston, Texas on Wednesday. RICK WILKING / REUTERS

Walmart-supplier moves plant from China to Florida

By PAUL WELITZKIN
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A supplier of consumer products to Wal-Mart Stores Inc has moved production to the US from China by opening a factory in Jacksonville, Florida.

Hans-Mill Corp, affiliated with the Millennium Group of China, remodeled an existing 121,000 square-foot facility that used to be a printing plant and opened it in May. It will produce stainless steel trash cans which will be sold at Walmart stores. Millennium is a major supplier of consumer home products and has manufacturing facilities in Suzhou and Dongguan in the mainland.

"Hans-Mill is a US manufacturing operation that was set up to make products in the US that were previously made in China," Jeff Ahearn, senior vice-president of business development said in an interview.

"We are already up to 40

workers at the plant," he continued. "Eventually we should get to 50 to 60 workers when we reach full production," he added which should be in the second half of 2018.

Ahearn said the plant is part of Walmart's \$250 billion initiative to reshore or bring back US manufacturing jobs that had been outsourced to China and other nations.

He said Hans-Mill focused on the southeastern states when it began looking for a plant site in the US, and that "we were impressed with Jacksonville, the infrastructure and availability of

Hans-Mill President and CEO James Han told the Florida Times-Union that he was lured to Jacksonville after at least two years of negotiations with business leaders and an economic development initiative of the Jacksonville Chamber of Commerce.

News reports said that Hans-Mill received an incentive package valued at about \$200,000 based on the project meeting certain requirements.

In NY, Marbury sends love to Beijing

By ZHANG RUINAN
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Stephon Marbury was brought to tears on Wednesday as a fan reminisced about the Beijing Ducks winning a basketball championship three years ago.

Considered by many as Beijing's most beloved foreigner and known in China as Ma Bu Li, the basketball star returned to his hometown New York, where he spoke about his love for Beijing at an event at New York University.

Marbury cried when a fan named Tobias Zhou described watching him and the Ducks win the Chinese Basketball Association (CBA) championship.

"The culture, the people, the food, the atmosphere of what's been created when there's a championship there, how can you not love Beijing?" mused Marbury, who was nicknamed "political commissar Ma" or "old Ma" by Chinese teammates and fans.

"It's the deep bond in Beijing, many people just do not know," said Marbury. "When you played on the court, you can feel the energy of the city. You can watch the whole city cry and hug each other when you won the championship. It's just so powerful."

Marbury, 40, has been a fan favorite in China since he began playing there in 2010. The 6-2 point guard was named most valuable player of the CBA three times and



Stephon Marbury hugs a fan from Beijing at an event held by New York University on Wednesday. Marbury, a three-time champion with the Beijing Ducks of the Chinese Basketball Association, will play one more year in the Chinese capital, with the Beijing Dragons. PHOTOS BY ZHU YUNDI / FOR CHINA DAILY

helped the Ducks win three league titles. He also was named an honorary citizen of Beijing and one of the city's 10 "model citizens" in 2014.

Earlier this year, Marbury signed a one-year contract with the rival Beijing Dragons, which enabled him to continue his love affair with the Chinese capital and basketball for one more year.

"We gotta try to win the championship this year," said Marbury, when asked about

the expectation of his final session in Beijing.

"There has been big progress in Chinese basketball since I've been there for nine years. Now, we see Zhou and Ding play in Houston and in Dallas, so there are more opportunities coming about because of the progress and the development of Chinese basketball," said Marbury, himself an NBA All-Star in 2001 and 2003.

"I think they both can play in the NBA; they have the

talent, the heart and the skills," Marbury said about the performances of Zhou Qi and Ding Yanyuhang in the NBA Summer League. "I think they got to get stronger, which is natural when you are a younger player."

The native of Coney Island, Brooklyn has expanded his career off the basketball court, too. He wrote a column for China Daily in 2012 and 2013. In 2014, he appeared in a musical, *I Am Stephon Marbury*,

which played Beijing for 13 performances in front of 1,500 theatergoers a night.

His story was told in a Chinese biopic *My Other Home*, for which he won the Best New Actor award at the Shanghai Film Festival this year.

Marbury said that when he retires, he would consider coaching in China and travel between the US and China.

"There are many good teams there, but Beijing is definitely my first option," he said.

Dolby expands cinema technologies

By LIA ZHU in San Francisco
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Dolby Laboratories has teamed up with Chinese brands to target more Chinese consumers not only in the cinema but also at home and on the go.

Since the San Francisco-based company launched the latest audio technology Dolby Atmos, which precisely places and moves sound around in three-dimensional space, five years ago, the company has been promoting the entertainment technology in the Chinese market.

So far, 22 Dolby Cinemas, which combines Dolby Atmos and Dolby Vision laser projection, have been open in China in partnership Wanda Cinema Line, Jacky Chan Cinema and other cinema operators since the debut of Dolby Cinema in China last June.

The company has also been working with Chinese OEMs to



Dolby scientists use biosensors, including a 64-channel EEG cap and a wrist tracker measuring heart rate and galvanic skin response, to study how people react to what they are watching in the Biophysical Lab in San Francisco. PROVIDED TO CHINA DAILY

expand what the company calls its "immersive" and "emotive" experience to home audience and mobile device users.

"China has some of the most innovative and large-scale manufacturers and

brands around the world. The global impacts of those brands are incredibly important," said Bob Borchers, Dolby's senior vice-president and CMO.

Lenovo has launched the Y720 gaming PC, the world's

first Dolby Atmos Windows-based PC. Huawei has shipped a new series of Matebook laptops featuring the world's first Dolby Atmos Sound System, a system that combines Dolby speakers and software to deliver surround sound from a PC.

Dolby Vision TVs, which deliver high range with enhanced color technology and a higher contrast ratio than other image technologies, have been adopted by TCL and Skyworth. Oppo currently has a Dolby Vision-enabled product on the market.

Following iQIYI, a Chinese video streaming website which launched the first Atmos mobile content in the world two years ago, Tencent is beginning to deliver content in Dolby Atmos, according to the company.

"The China market is dynamic, phenomenal and it's got its own eco-system of content that is incredibly

important for us to get in and get out of there," Borchers said.

"One of the most important things we've done in broadcast with surround sound is The Voice of China (a popular Chinese reality talent show)," he said.

Wanda, Dolby's largest partner in China and the world, plans to open at least 100 Dolby Cinema movie theaters by the end of 2018, two years earlier than originally planned.

Despite Wanda's recent funding turmoil and lackluster growth in China's box office revenue, Dolby sees China as a "fundamentally" and "incredibly" important market.

"The cinema market in China is rich and vibrant, and there's a huge culture of movie-going. People want to have the best cinema experience," said Borchers.

VIEW

Envoy's job is to mend ties, not drive a wedge

By CHEN WEIHUA

The Washington Post reported on Tuesday that Harry Harris, the commander of the US Pacific Command, is likely to be the next US ambassador to Australia.

The Post and several other news outlets have focused on Harris' past tough rhetoric about China on the maritime territorial disputes in the South China Sea and assume that he will rally Australia to counter a rising China.

Even though Harris' record seems to justify the speculation, I believe that's an inaccurate job description for Harris, or anyone who takes up that post. His mission should be to improve US-Australia relations rather than drive a wedge between Australia and China, who have seen their relations grow by leaps and bounds over the past decades.

US-Australia relations took a hit in February after President Donald Trump blasted Australian Prime Minister Malcolm

Turnbull on the phone over a refugee resettlement agreement former president Barack Obama had made between the two countries. While the two leaders' meeting in New York in May seemed to be mending ties, leaked video showed that Turnbull sarcastically mocked Trump in June at the Australian Parliament's annual midwinter ball.

That of course is not the whole of long-standing US-Australian relations. But if Trump's obsession with US trade deficits is justified, then the US needs to address its large trade surplus with Australia.

Australia runs by far the largest trade deficit with the US — it was about \$18 billion in 2016. Meanwhile, it enjoys \$24.7 billion in trade surplus with the Chinese mainland, according to the Australian government.

China is Australia's largest trade partner. Their bilateral trade is 2.4 times larger than that between Australia and the US.

Chinese investment in Australia also reached its highest



Harry Harris

the University of Sydney and accounting firm KPMG.

For those who want to play up the threat of Chinese investment in Australia, they should know that the accumulated US direct investment in Australia is five times that of China's.

The China-Australia Free Trade Agreement, which went into effect in December 2015, has been described by the Australian government as the most favorable trade deal China has ever struck with a developed economy. It is set to greatly expand win-win cooperation between the two Asia-Pacific nations.

Expanding China-Australia ties have gone far beyond trade and investment to include

education, culture, science and technology, tourism, political and military areas. Chinese Premier Li Keqiang met Turnbull in Canberra in March for the fifth China-Australia Annual Prime Ministerial Meeting.

On Monday, the Chinese and Australian militaries held their 20th defense strategy consultation to discuss bilateral and regional issues.

It is true that China and Australia may not see eye-to-eye on every issue.

But tension in the South China Sea has greatly eased in the past year. The relationship between China and the Philippines has improved greatly. China has been working with ASEAN countries to implement the Declaration on the Conduct of Parties in the South China Sea, deepen their maritime cooperation and push forward consultations on the Code of Conduct in the South China Sea.

These are positive signs both the US and Australia should encourage. It is absurd for anyone to assume that China

— whose economy, more than any other country's, depends on the peace and stability in the South China Sea — wants to destabilize the region.

Some Americans believe Harris, if he does get the ambassador post (as former White House chief strategist Steve Bannon hoped he would), wants to prevent Australia from getting too close to China. They expressed deep concern after then Australian Prime Minister Tony Abbott ignored a US warning in March 2015 and joined the Asian Infrastructure Investment Bank.

Australian leaders have repeatedly expressed the sentiment that they don't want to be forced to choose between China and the US.

That is what Harris, or whoever becomes the next US ambassador to Australia, should bear in mind.

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Summit: Disputes can be resolved

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their first athletic games and jointly produced films, the BRICS Culture Festival will be launched during the summit as a way to boost people-to-people exchanges between members.

BRICS has become a key force in promoting global economic growth, pushing the reform of global order and safeguarding international peace and stability, he said.

When asked how China and India can enhance economic cooperation given the recent tension caused by Indian troops' now concluded intrusion into China's Donglang area, Wang said that the two countries should "properly handle and control" the disputes in accordance with the consensus reached by the leaders of both countries.

"It's quite natural that China and India, as two big neighboring nations, have some problems along with enhanced exchanges between them," he said, adding that they should try to seek long-term resolutions through contacts of all types.

Wang said there is great potential for China-India cooperation. The two countries should make joint efforts to revitalize Asia and contribute to global peace, he said.

On June 18, Indian troops illegally crossed into the Sikkim sector of the China-India border and intruded into China's Donglang area to block China's road construction. The Foreign Ministry said on Monday that India has withdrawn all its personnel and equipment to its side of the border after a 10-week intrusion.

Shen Yi, director of the Center for BRICS Studies at Fudan University, said the BRICS countries are likely to discuss detailed measures to facilitate trade and investment, which could bring win-win results.

A healthy run



Runners in a mini marathon in the Dongs Hutong's Olympic community in Beijing enjoy the challenge on Tuesday. Over a hundred residents, young and old, from 35 families participated at the 700-year-old hutong. The run promoted fitness and an appreciation for history. DU YANG/CHINA NEWS SERVICE

BRICS driving innovative competitiveness

By ZHAO XINYING
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BRICS countries have become an important force in promoting science and technology in the world and their innovative competitiveness is expected to maintain steady growth through 2030, according to a report released on Tuesday.

The report, compiled by China Science and Technology Exchange Center, offers a comprehensive analysis and rating of the national innovative competitiveness of the BRICS countries last year, with China on top, followed by Russia, South Africa, Brazil and India.

From 2001 to 2016, the BRICS as a whole showed a trend of rising innovative competitiveness, with China and Russia developing quickly, India in the middle, and Brazil and South Africa developing comparatively slowly, the report says.

The report predicts that the next five years will see BRICS members continuing to

“The purpose of compiling the report is to provide a reference and support for the upcoming 2017 BRICS Summit.”

Zhao Xinli, deputy director of the China Science and Technology Exchange Center

improve, with China and Russia maintaining strong growth momentum, India growing at a moderate rate, and Brazil and South Africa picking up speed gradually.

Zhao Xinli, deputy director

of the center, said BRICS countries are a major force for promoting innovation in science and technology among developing countries and across the globe.

"The purpose of compiling the report is to provide a reference and support for the upcoming 2017 BRICS Summit in Xiamen, Fujian province," he said. The summit is Sunday through Tuesday.

It took the center about six months to finish the report, with the participation of nearly 40 experts and scholars, including some from higher education institutions and think tanks of other BRICS members, according to the center.

The report shows that the research and development expenditures of the five members of BRICS accounted for about 17 percent of the world's total R&D spending last year.

Their exports of high-tech products were valued at almost \$6 trillion last year, accounting for 28 percent of the world's total, the report

says. Also, the total number of scientific papers published by BRICS members reached 590,000 last year, accounting for 27 percent of the world's total.

All these indicate that the five countries are making increasingly greater contributions to, and greater impacts on, global innovation in science and technology, the report says.

BRICS countries have made great progress in innovation of science and technology, which is the foundation for modernization, said Liu Jianfei, executive deputy director of the Institute for International Strategic Studies of the Central Party School of the Communist Party of China.

"If such a growth momentum among BRICS members continues, about 3 billion people (the total population of BRICS countries) will enter modernization, and this will be a very inspiring and encouraging example for other developing countries," he said.

Stay calm over launch, Beijing says

UN condemns DPRK and calls for renewed talks, which China backs

By MO JINGXI
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Beijing urged all parties on Wednesday to honestly and fully implement UN Security Council resolutions on Pyongyang, and called for those directly involved to take a responsible role amid escalating tensions on the Korean Peninsula.

Foreign Ministry spokeswoman Hua Chunying also dismissed statements that "China should do more to pressure Pyongyang", saying that some of the parties concerned were only selectively carrying out the UN resolutions by emphasizing sanctions yet ignoring dialogues.

"When it comes to sanctions, they storm to the front, but when it comes to pushing for peaceful talks, they hide at the very back. This is not the attitude responsible countries should have," she said.

Hua was speaking following a strong condemnation on Tuesday by the UN Security Council in a president's statement of the latest missile launch by the Democratic People's Republic of Korea.

The DPRK fired an intermediate-range ballistic missile that flew over Japan on Tuesday.

The Security Council requested Pyongyang not to conduct any future nuclear tests or any further provocation, while expressing its commitment to a peaceful solution to the situation.

"We hope all related parties will implement the provisions of the resolutions in an honest, comprehensive and integrated manner, and pull the peninsula nuclear issue back to the right track of peaceful resolution," Hua said at a news conference.

Foreign Minister Wang Yi also said on Wednesday that

“We hope all related parties will implement the provisions of the resolutions.”

Hua Chunying, Foreign Ministry spokeswoman

China was discussing the situation with other Security Council members and will make the "necessary response".

However, Wang noted that all measures against the DPRK should be under the Security Council framework and should be carried out according to Security Council resolutions. Wang urged all parties to avoid actions that exacerbate tensions.

The DPRK said on Wednesday the launch was a first step in military action in the Pacific to "contain" the US territory of Guam, after US President Donald Trump said on Tuesday that "all options are on the table".

Yu Shaohua, a researcher of International Studies, said the unbalanced implementation of UN resolutions has existed for quite a long time.

"The consequences are unfavorable for all related countries and the whole region as well," she said.

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Reform: One-stop services required

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will be promoted nationwide to better safeguard the legitimate rights of innovators and their legitimate earnings.

Such measures include one-stop service for patent examination, rights protection and verification. They also include innovation-oriented evaluation and incentive plans within State-owned enterprises, and flexible remuneration in colleges and research institutes to attract high-caliber and urgently needed talent.

"We need to create a good environment for innovation, which can also provide lasting support to the buoyant momentum of the economy. Innovation-driven development relies on adjustment in industry and product structure and the transformation of the development model," Li said.

Meeting participants also called for local offices of the State Administration of Taxation and local taxation bureaus to further integrate their resources and provide one-stop services.

Reports: Capital best city for innovation

By ZHANG ZHIHAO
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Beijing narrowly beat Shanghai as China's most ideal city for scientific research and innovation this year, while central and central-western provinces are catching up fast.

The Ministry of Science and Technology published two reports on Wednesday about China's innovation status in 2016 and 2017. One evaluates the overall innovation capability, and the other is a detailed ranking and analysis of each province's innovation conditions and resources, from funding to market.

According to the reports, China's top five most-innovative municipalities and provinces on a scale of 100 are Beijing, 85; Shanghai, 84; Tianjin, 80; and the provinces of Guangdong, 77, and Jiangsu, 76. Last year, Shanghai topped the list with 84.57 points.

The points are calculated based on the area's R&D spending, industrial productivity, commercialization of research findings, economic structure, talent pool, number of patents, environment and other factors affecting science and innovation.

The bottom five areas are the provinces of Qinghai, 42; Yunnan, 41, and Guizhou, 40.83; and the Xinjiang



A Chinese team works on a cat food feeding machine at the finals in Beijing of a youth innovation contest this month. Two reports detailed the best cities for innovation. YANG KEJIA / CHINA NEWS SERVICE

Uyghur, 40.75; and Tibet autonomous regions, 31. The 2017 average innovation index for all provinces is 67.57, a 1.08-point increase from a year earlier.

"In general, the whole nation's innovation capability has improved remarkably over past five years," said Xu Jing, director of the ministry's Office of Innovation and Development, adding that the nation's average has increased by 7.3 points in the past five years.

"The coastal provinces are taking more than half of China's overall innovation output, but the central and central-western provinces are catching up fast," he said. Some notable examples include Hubei province, seventh place; the municipality of Chongqing, eighth place; and

“In general, the whole nation's innovation capability has improved remarkably.”

Xu Jing, of the Science and Technology Ministry

nology for Development. In the past five years, western provinces saw a 68.6 percent growth in funding, slightly higher than eastern provinces' 67.3 percent. At the same time, the Guangxi Zhuang autonomous region has quadrupled its patent outputs, while the Tibet, Ningxia Hui and Xinjiang Uyghur autonomous regions, and Qinghai have doubled theirs.

Although China's patent and innovation outputs are rising, the reports also pointed out some issues, such as the average wages for researchers in 24 out of the 31 survey provinces, are below the national line.

At the same time, funding from governments and companies is starting to slow down in 2017, and pollution in more than a dozen provinces still fails to reach national standards.

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ENVIRONMENT

By DAVID BLAIR
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China's coal consumption declined unexpectedly by almost 10 percent from 2014 through 2016. Since coal is the largest source of carbon emissions, this also led to a decline in greenhouse emissions long before previously projected. What made this possible?

A recent study published in Nature Geoscience by Tsinghua professor Qi Ye and co-authors concluded: "A combination of slowing GDP growth and a structural shift away from heavy industry, along with more proactive policies on air pollution and clean energy, have caused China's coal use to peak."

According to the National Bureau of Statistics, China's service sector rose to 51.6 percent of GDP in 2016, up from 46.7 percent in 2013 and 41.8 percent in 2006. The 13th Five-Year Plan (2016-20) aims for an economy in which services account for 55 to 60 percent by 2020, and the Chinese Academy of Social Sciences predicts that the service sector will contribute 72 percent of GDP by 2030.

China is in the midst of an economic transition. The earlier model, which drove growth until about 2013, was based on coal-powered heavy industry and construction. The nation's coal consumption rose almost threefold from 2000 to its peak in 2013, according to the National Bureau of Statistics.

Now, key government policies push upgrading the technology of China's industry and moving to higher value-added products, with the additional benefit of using less coal than traditional industries such as steel and cement. Large investments in green energy have made Chinese companies the world leaders in solar and wind power.

Painful transition

Coal is the biggest environmental problem. According to data from BP, it causes 70 to 80 percent of China's greenhouse gas emissions. Tsinghua researcher Qiao Ma and colleagues found that 40 to 50 percent of PM2.5 particles come from burning coal.

Coal, the source of 69 percent of total energy consumption in 2011, went down to 66 percent in 2014 and 62 percent in 2016, according to the National Bureau of Statistics. The current five-year plan calls for coal to reach 55 percent by 2020. But coal will remain a large part of the energy mix for the foreseeable future.

The Ministry of Human Resources and Social Security predicts that 1.8 million coal workers (about one-fifth of the total) and half a million iron and steel workers are likely to lose their jobs due to capacity reduction during the Five-Year Plan period. So, the transition to a cleaner, upgraded economy will be painful.

Craig Hart, a lecturer at the Johns Hopkins University Energy Policy and Climate Change Program, put it this way: "They've sacrificed their bodies to their work and it's going to be hard to retrain them. And, the communities are almost entirely dependent on this industry and have suffered environmentally for it."

Currently, China has so many excess coal-fired plants that they are, on average, running at about 48 percent of capacity, well below the optimal level. In order to control provincial and local desire to build even more coal-fired electrical power plants, China's National Energy Administration in January canceled 103 new planned and under-construction plants. In May, the NEA prohibited 28 of China's 31 mainland provinces from building additional plants.

The State-Owned Assets Supervision and Administration Commission, which administers large State-owned enterprises, announced in January that at least 150 million



China's policies to promote industrial transformation and to shift its energy mix are leading to unexpectedly rapid environmental progress

metric tons of coal production facilities will be closed. In July 2016, the SASAC ordered companies under its supervision to cut coal mining capacity by 10 percent in two years and by 15 percent in five years.

However, in order to provide the power needed for continuing economic growth, the five-year plan calls for an installed capacity of 1,100 gigawatts of coal-fired electrical power plants, up from the current 920 gigawatts.

It may seem ironic that total coal-fired electrical capacity is planned to continue to expand while other coal capacity is being cut and plants are running at well-below capacity. This is partly due to a reluctance, especially by local and provincial governments, to close factories and lay off workers.

It can also be partly explained by improvements in coal generation technology. The current five-year plan calls for a shift toward more efficient and less polluting new "ultra-supercritical" plants that burn at very high temperatures.

Yang Dongning, associate professor of management science at Peking University's Guanghua School of Management, says that many of the new coal plants in production are higher quality and generate less carbon emissions than the older plants that are being closed.

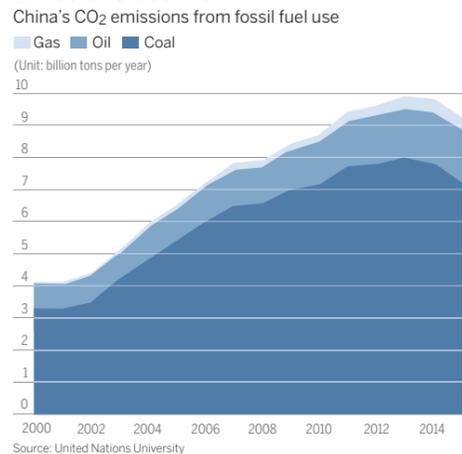
According to research by the Center for American Progress, a think tank in Washington, China's new, more efficient coal plants use about 280 grams per kilowatt-hour compared with roughly 370 grams per kWh in older plants, with proportional reduction in carbon emissions.

The report concludes: "We found that the nation's coal sector is under-going a massive transformation that extends from the mines to the power plants, from Ordos to Shanghai. China is indeed going green. The nation is on track to over-deliver on the emissions reduction commitments it put forward under

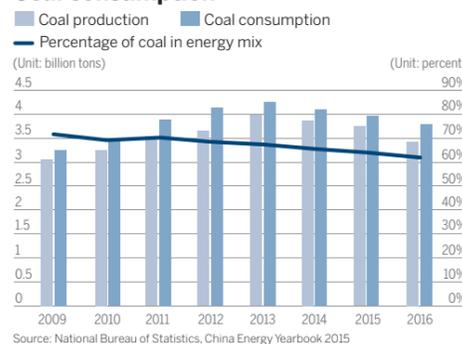


A villager cleans solar panels on a roof in Gaomi, Henan province. Chinese companies have become the world leaders in green energy such as solar and wind power. ZHAO TAO / FOR CHINA DAILY

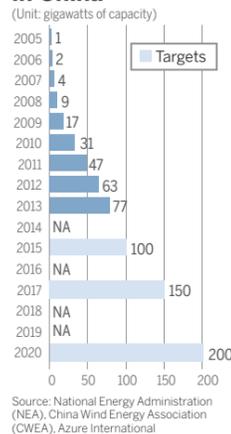
Emissions decline



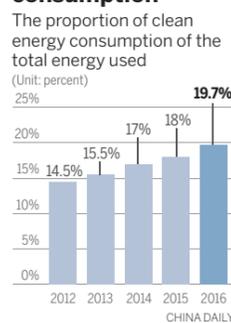
Coal consumption



Connected wind in China



Clean energy consumption



the Paris climate agreement, and making coal cleaner is an integral part of the process."

Even though the new supercritical coal-fired electrical plants are an improvement, they still generate about twice the emissions of natural gas and far more than renewables.

Natural gas and renewables

Li Shuo, of Greenpeace's Beijing office, says: "In the past five years, the global emissions reduction story has been driven by two things — the surge in the use of natural gas in the US and the cut in China's coal use."

Total US greenhouse gas emissions have fallen by almost 20 percent since 2006, due almost entirely to the huge increase in the production of inexpensive shale gas made possible by the technology known as "fracking". The US has closed about half of its coal-fired power generating plants by switching to natural gas. So, why doesn't every country do the same?

Anders Hove, a consultant for the Beijing office of the Paulson Institute, explains the difficulties of fracking in China: "There are obstacles in China down the line. The shale gas is extremely deep in very high-pressure rock in mountainous regions of Sichuan and Yunnan provinces. Also, US companies with fracking experience are not able to operate freely in China. They have to have complex production sharing agreements and international property agreements."

Shale gas production in China did increase by 50 percent in 2016, but from a very low base. According to data from the China National Petroleum Corp, the cost of shale drilling in Sichuan has been cut by 23 percent from 2013.

China does plan to increase natural gas from 5.9 percent of its energy mix in 2016 to 10 percent by 2020 and 15 percent by 2030, according to Guo Jiaofeng, a senior researcher with the Institute for Energy and Environmental Research of the Development Research

Center of the State Council, China's Cabinet, as reported by Caixin magazine.

This will be done partly by increased imports. President Xi Jinping and US President Donald Trump announced plans in May to open up and expand dramatically US liquefied natural gas exports to China as part of their 100-day action plan agreement. Total Chinese imports of LNG rose by 15.6 percent in 2016, according to the General Administration of Customs. Also, a new gas pipeline from Russia will come online by the end of 2018, though a pipeline from Central Asia was canceled earlier this year.

On the other hand, China by far leads the world in building and installing solar and wind capability. According to the National Bureau of Statistics, clean energy and natural gas accounted for almost 20 percent of the energy mix. Installed solar capacity quadrupled since 2013 and China's solar panel manufacturing capacity is three times the rest of the world combined, according to research by GTM.

However, some of this solar and wind capacity ends up not being used. Much of the renewable power capability is curtailed, meaning that it is not purchased by the grid for use by customers. According to the NEA, national average wind curtailment in 2016 was 17 percent. In the western province of Gansu and the Xinjiang Uyghur autonomous region, curtailment rates of wind and solar power reached 40 and 37 percent, respectively.

Huw Slater, research director of the China Carbon Forum, explains: "The coal-powered generation plants have contracts guaranteeing a minimum level of purchases. That needs to be reformed and is currently the subject of pilot reforms."

Due to tax revenue reasons, provinces seek to buy power produced within the province and limit trade in electricity with other regions. Furthermore, the electrical grid does not choose where to source the power according to costs. That is, contracts with coal plants may shut out renewable power, even though the renewable power will certainly be cheaper at any given point that it is available and is approaching the point where it is cheaper over the lifecycle of a generating plant, according to Todd Johnson, energy specialist of the China office of the World Bank. He argues, however, that leadership from the central government is driving toward a greener and more market-based power system.

In his speech to the World Economic Forum at Davos on Jan 17, President Xi stressed three themes — the benefits of globalization, the need to develop a dynamic innovation-driven growth model, and China's commitment to improving the environment, including the Paris agreement. He said, "It is important to protect the environment while pursuing economic and social progress — to achieve harmony between man and nature, and harmony between man and society."

And, at a news conference on March 29, Premier Li Keqiang linked improving the environment to upgrading China's development model: "Efforts to cut overcapacity will be extended this year to coal-fired power generation. Together with the people who are still to be re-employed from 2016, China will need to help about 1 million workers this year."

"The key is to continue generating jobs. Thanks to the initiative of massive entrepreneurship and innovation, many jobs have been created, while traditional drivers of growth have been upgraded, which is also generating job opportunities," he said.

In the Paris climate change agreement, China committed to reaching a peak "of carbon dioxide emissions around 2030 and making best efforts to peak earlier".

TIBET

Call of wild lights up Tibet for acclaimed engineer

Geologist, academician hopes development of resources will drive social and economic change

By **PALDEN NYIMA**
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Dorjee's dream is to turn Tibet's geothermal resources into a successful industry that can support regional social and economic development. Dorjee was accredited as an academician of the Chinese Academy of Engineering in 2001, and he was the director and chief engineer of the Geology and Mineral Bureau of the Tibet autonomous region.

Although he retired last year, he continues to work with the bureau.

During the more than 20 years he has spent working as a professional geologist in the region, Dorjee has won many government awards.

He played a leading role in the construction of Yangbajan Geothermal Power Station in the 1970s, which has helped to ease Lhasa's power shortage. With an installed capacity of 27,000 kilowatts, the power station has produced more than

3,400 million kilowatt-hours of electricity.

Before the development of the region's hydropower stations, it provided more than 60 percent of Lhasa's power in the summer and over 40 percent in the winter.

"We made it possible to produce power in a place where the average altitude is more than 4,500 meters above sea level," Dorjee said.

"Geothermal energy is more environmental friendly, I have been calling on the government to emphasize the development and usage of the resource in the region, because fossil fuels are limited and nonrenewable."

Tibet has recently put forward a strategy for conserving

the region's water resources, and Dorjee has been involved in the work as an expert and consultant.

Dorjee's life could have turned out differently. Four decades ago he worked as a projectionist, which was seen as an attractive job for a young person.

When he was 22, he was hired by the Qinghai-Tibet Scientific Expedition Team, who inspired him to study geology, which he went on to do at the Chengdu University of Technology in Sichuan province.

Due to his academic success, he was sent to Italy's International Institute for Geothermal Research in Pisa and the Lawrence Livermore National



Dorjee in his office in Lhasa, the Tibet autonomous region. **PALDEN NYIMA / CHINA DAILY**

Laboratory in the University of California to study geothermal courses.

Although China's installed capacity once ranked eighth

in the world, as a result of a lack of investment and input in scientific research in the past few decades, the country's geothermal technology now lags behind developed countries, such as the United States, which has an installed capacity of more than 3 million kW.

"The US initiated enhanced geothermal systems technology in the 1950s and many European countries also started early," he said. "But we have not started yet."

According to Dorjee, China ranks 18th among more than 20 countries with geothermal power technology.

As an outstanding geothermal academician, he has been invited to work in many

of China's coastal cities and abroad, but he has declined to leave Tibet.

"Tibet has the richest geothermal resources in China, I am obliged to be based in Tibet," he said.

Lack of professional and technical talent is a stumbling block for the region's geothermal industry development, he added.

Dorjee faces many dangers and difficulties in his work such as bad weather, wild animals and landslides, but he has never given up.

"What attracts me most about geology is that when I go out in the morning, I always feel I will discover something new," he said.



Norbu Tsering (left) and **Choekyi**, two villagers of the Nelung township in Nyalam county, practice the Gyashey dance. **PHOTOS BY PALDEN NYIMA / CHINA DAILY**

Tibetan dancers strive to keep 'victory song' tradition alive

By **PALDEN NYIMA**
in Nyalam, Tibet

The Gyashey dance is popular in the countryside of western Xigaze in the Tibet autonomous region, with its bold and vigorous steps, and beautiful melodies.

Some residents interpret "gya" as "victory" and "shey" as "song", saying the dance was derived from local people resisting a Nepali army invasion in ancient times.

The resistance to the invasion, led by a noble named Borang Yeshe, was successful and the Gyashey dance is said to have been created by way of celebration.

Other residents trace the origination of the dance to the marriage of Tibet's King Songtsan Gampo and Princess Wencheng in the seventh century.

"Gya" is thought to refer to "Han", as it was performed as a welcoming dance when the king met the Han Chinese princess who came from Xi'an, the capital of the Tang Dynasty (618-907), said Bu Tsering, a dancer from Nelung township.

The 64-year-old said he has been practicing the Gyashey dance for more than 30 years, and he also taught four students in his hometown the tradition.

He was once invited to perform in the region's New Year celebrations in the regional capital, Lhasa, and he was twice invited to perform in Xigaze for local festivals.

The dance was ranked as a national-level item of intangible cultural heritage in 2008.

"The dance is practiced during traditional holidays, horse races and religious rituals in monasteries," said



Villager Bu Dawa displays his Gyashey costume in the Nelung township.



Ngakwang (right) and **Bu Dawa** display their traditional Gyashey costume in the Nelung township.

Ngakwang, a 70-year-old dancer. "The words of the Gyashey are very clear, and

the dances celebrate religious leaders, parents, hometowns, mountains, rivers, and

"The dances celebrate religious leaders, parents, hometowns, mountains and rivers."

Ngakwang, 70, dancer

\$19,400

Amount government spent to subsidize Gyashey dance costumes

religious offerings."

Dechen Tsomo, a Nelung official, said residents were used to making their own dance costumes, but in 2013, the government ordered factory-made costumes for them.

"The government supported us by paying more than 130,000 yuan (\$19,400) for the costumes," Dechen Tsomo said.

The 28-year-old also said in order to protect the traditional culture, township employees had for several years been working to record and preserve the lyrics of the songs in the dance, and a book of lyrics will be published soon.

According to Gyatso, an elderly villager, the time it takes to perform the Gyashey ranges from several hours to at least two days for the entire dance.

New roads drive Tibet's growth onto the fast track

"A region has to build roads if it wants to build wealth," the saying goes, and they are certainly sticking to it in Tibet autonomous region, which covers an area of more than 1.2 million square kilometers.

"It was a headache to travel to the Ngari prefecture in the past as there were only cobblestone and mud roads. It might take one week from Lhasa to Ngari by truck, and you had to take water and food with you as there were no restaurants along the way," said Tsering, a driver working in Lhasa.

But now, it takes Tsering less than four days to travel between Lhasa and Ngari as there are several blacktop highways linking them.

Highways are blood vessels for the region, and Tibet has seen its economy invigorated by improved transport conditions in the past five years.

Tibet's highways, which extended 65,198 kilometers in 2012, have grown to over 82,000 km today, extending by more than 4,200 km each year. The distance covered by high-grade highways, which are similar to expressways, saw a sixfold increase from 2012 to 2016, according to Chen Chao, deputy head with the transport bureau of the autonomous region.

In 2013, the Medog Highway opened to traffic, linking the outside world with the remote region of Medog in southeastern Tibet, which was the last Chinese county without highway access.

Rapid highway development has occurred due to continuous fixed investment in transport, which grew from 10.1 billion yuan (\$1.5 billion) in 2012 to more than 40 billion



The **Medog Highway** connects the outside world with the remote area of Medog in southeastern Tibet, which had been the last Chinese county without highway access. **PUBU TASHI / XINHUA**

“Once transport barriers are removed, there will be more commercial activities.”

Chen Chao, deputy head, Tibet transport bureau

yuan in 2016, increasing by 41.3 percent each year.

Thanks to strong investment in infrastructure and the growth-driving effects of improved transport, Tibet posted impressive economic growth in the past five years, recording an annual average GDP growth of 11 percent. The region's economy grew 10.8 percent year-on-year in the first half of 2017, outperforming every other provincial region.

"Once transport barriers are removed, there will be more commercial activities like logistics and tourism, thus

improving local people's livelihoods," Chen said.

And there is another benefit. Rather than being built at the expense of the environment, building highways could actually offer some protection.

When there were no highways, drivers would go across a region randomly to find less muddy roads, destroying neighboring vegetation. The grass and plants are now spared as drivers run on a fixed route, Chen said.

The high-grade highway under construction to link Lhasa and southeastern Tibet's popular tourist spot Nyingchi is a case in point. About 400 million yuan has been spent on ecological restoration and high-tech methods have been used to consolidate soil along the highway.

By 2020, total distance covered by highways in Tibet will reach 110,000 km, with all the counties having access to blacktop highways and all towns being connected by cement roads. It will take less than three hours for people to travel from Lhasa to four other major cities.

XINHUA



An aerial photo (top) displays the Lhasa-Nyingchi Highway in Tibet. A highway stretches with Qomolangma (Mount Everest) looming behind in the Tibet autonomous region. The Medog Highway connects the outside world with the remote area of Medog in southeastern Tibet, which had been the last Chinese county without highway access. **PUBU TASHI / XINHUA, LIU DONGJUN / XINHUA**

6 HONG KONG

‘Black swans’ warning as HK economy lifts

Headwinds loom large and city can't afford to rest on its laurels: Experts

By OSWALD CHAN
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The good news is Hong Kong's economy is on firm ground — strong GDP growth, buoyant exports, resilient domestic consumption and full job status backed by a pick-up in global trade.

The city's latest economic data, indeed, may be a cause for celebration, but economists have warned against self-complacency, citing, among other things, looming geopolitical risks in the region, US interest-rate woes and the possibility of local homes prices coming down as the Chinese mainland tightened its screws on capital outflows, which could cast the city's economy into turmoil.

Hong Kong saw its economic growth exceed the 10-year average in the second quarter of this year — the third consecutive quarter of above-average expansion — prompting the government to revise its full-year economic growth forecast upwards by 1 percentage point.

In the April-to-June quarter, the SAR's GDP grew 3.8 percent from the same period last year after the local economy went up 4.3 percent in the preceding quarter — the fastest pace of growth in nearly six years. In the first half of 2017, the economy expanded 4 percent year-on-year.

Goods exports saw remarkable growth in the second quarter, up 5.6 percent year-on-year,

as an improving world economy lent weight to Asian exports. Services exports rose 2.3 percent in the same period, while private consumption grew briskly at 5.3 percent and overall investment spending firmed up 8 percent year-on-year.

Explaining the administration's upbeat stance on the local economy, Andrew Au Sik-hung, deputy government economist, said earlier this month: “With an improving global economy and vibrant domestic demand, underpinned by a full-employment labor market and rising incomes, as well as resilient investment demand fueled by construction and infrastructure activities, we decided to raise the GDP growth rate forecast from 3 to 4 percent for the full-year of 2017.”

Financial Secretary Paul Chan Mo-po had expected the city's economy to grow at a rate of 2 to 3 percent when he unveiled the government budget in February this year. Banking giant HSBC Group's wholly-owned subsidiary Hang Seng Bank — one of Hong Kong's largest commercial banks — lifted its forecast for the city's GDP growth to 2.8 percent for 2017 following the release of the first-quarter growth figures in May.

Economists said a stable jobs market, plus a booming assets market and strong export performance, may further bolster economic growth for the rest of the year.

“A strong labor market and favorable financial market



Hong Kong saw strong economic growth in the second quarter of this year with buoyant exports and full employment status. But, economists have warned of uncertainties on the horizon, arising from geopolitical risks in the region, higher interest rates and a backlash from a possible downturn in the local property market. QILAI SHEN / BLOOMBERG

conditions should continue to support household spending. We expect private consumption to remain as the main growth driver for the Hong Kong economy,” asserted Thomas Shik, acting chief economist at Hang Seng Bank.

Hong Kong's labor market is in full-employment status, with unemployment in the second quarter holding at just 3.1 percent. Rising household disposable income is conducive to foster positive consumer sentiment that boosts private consumption expenditure.

“We expect trade growth to continue benefiting from the improvement in the external environment. There've been signs that growth in the Eurozone and the US may pick up this year and that growth in the Chinese mainland should remain steady,” said Shik.

In its economic report in August, OCBC Wing Hang Bank said: “In the months to come, we expect exports to grow further, given sustained growth in the global economy and receding trade protectionism. A relatively weak Hong Kong dollar will

support exports.”

Economists on the other side of the fence are more cautious, noting that many economic, financial and geopolitical risk factors have not been taken into account amid the rosy forecasts.

Their main concern is that black swans in world financial markets may apply the brakes on market liquidity that's fueling Hong Kong's economic growth through the booming stock and property markets.

Hong Kong's red-hot homes sector has been instrumental in pushing local economic growth

as high assets prices spur household spending.

Local property price rises moderated to 0.7 percent in June this year, compared with a 2.7-percent hike in April, while the number of residential homes transactions fell to 3,500 in July — less than half of the 20-year average of 7,300 — according to Au.

Despite the slowdown, local homes prices in June were still 94 percent higher than the peak level recorded in 1997. But, the mortgage payment to income ratio worsened further, with 67

“A strong labor market and favorable financial market conditions should continue to support household spending. We expect private consumption to remain as the main growth driver for the Hong Kong economy.”

Thomas Shik, acting chief economist at Hang Seng Bank

percent recorded in the second quarter, which was much higher than the 20-year average of 45 percent, according to the latest government data.

The government has warned of a “twist” in property prices that could dampen the economic outlook. “This is because the US Federal Reserve is likely to gradually pursue interest-rate normalization and trim its ballooning balance sheet. In addition, some 98,000 new residential flats will be available in the coming three to four years, a record high,” Au said.

Kevin Lai, an economist at Daiwa Capital Markets, said the Hong Kong financial market has underestimated the risk of interest-rate hikes.

INNOVATION



Grooming Asia's first ‘PayPal Mafia’

up and establish itself to support startups in Series A, Series B and Series C funding (typically \$1 million to \$30 million), with people still worried about the risks of investing large sums of money in high tech with no clear exit path,” Chan tells China Daily.

“That's why we're seeing the market vacancy and funding gap, and MindWorks endeavors to be Asia's leading venture capital funding source to help internet startups become the continent's first ‘PayPal Mafia’ in their expansionary stage.”

“PayPal Mafia” takes its name from a group of former employees of California, US-based PayPal Holdings Inc — one of

the world's largest internet payment companies — who have since founded a string of tech enterprises, particularly after the dot-com bust in 2001.

Chan says he's excited about the current operating climate for the venture capital business, which is “even better than 10 years ago” because, in the past, returns from investments came mainly from going public but, currently, projects could be sold to tech titans like Facebook, Tencent or Alibaba.

And he believes that returns from investing in those projects are much higher than the traditional financial products, including property.

Chan hails from the

University of California, San Diego, with a bachelor's degree in electrical engineering and management science. He had always thought of pursuing his investment dream and had worked for asset investment companies and brokerages.

At the same time, he has been self-employed since 2009 as an angel investor in internet start-up companies.

He subsequently teamed up with fellow university graduate David Chang in 2014 to found MindWorks with an eye on investing in internet and tech companies in Asia.

They had initially set up a fund with a capital pool of more than \$1.5 million in 2014,

followed by another of \$1 million two years later. “The total valuation of the assets we had invested through both funds exceeded \$80 million,” Chan says.

Debuting in 2014, MindWorks has since built up a fine reputation, backed by the founders' years of experience in the industry, he says. They have invested in 17 companies so far, including Easyvan-lalamove, GLO VR and KKday. The company prefers to invest mainly in the series A, B and C rounds as the valuation is relative cheaper and competitors are few, and they could build up a deeper relationship with those companies.

The company operates on

three principles in terms of investment strategies, according to Chan. The background of a company's founders is the most vital element to consider, followed by what he calls a “scalable” business model and reasonable valuation.

In terms of investment preference, the company shuns social networks which, Chan says, are already dominated by giants like Facebook and Tencent, nor do they like games companies due to their low profit margins and high risks. They prefer logistics and fintech companies, including blockchain-related initial coin offerings (ICOs), which have been all the rage recently.

The company also goes for

platformable projects with light assets and a business model that could be scalable within a short period. “All the traditional industries that haven't been disrupted by technology offer opportunities.”

Chan reckons Hong Kong has its advantages in terms of a robust tax and exports system, backed by a long history and entrepreneurship of the older generations, and Hong Kong needs excellent talents to effect the change. He believes some unicorns are emerging and MindWorks is on the lookout for opportunities, but thinks Hong Kong still lags behind the United States and the Chinese mainland in fintech development due to the city's tight business regulations and a convenient living environment.

He wants the Hong Kong government to develop innovation and technology as well as creative industries by supporting capital and talent and building up tech infrastructure, adding that Hong Kong could learn from Singapore in setting up a matching fund to help voluntary welfare organizations and startups, and introduce more tech training and compulsory courses for students and people with interests in tech, including programming and coding.

In her election manifesto, Chief Executive Carrie Lam Cheng Yuet-ngor pledged to do more for innovation and technology, develop a high growth and more diversified economy for the city, and grasp the opportunities from the Belt and Road Initiative to inject new impetus into the development of traditional industries that have enjoyed distinct advantages.

Lam said there are at least two emerging areas in which Hong Kong has potential and advantages — the innovation and technology, and creative industries. And Hong Kong should increase its investment in these fields and create a favorable environment for them in terms of policy, land and talents.

By DUAN TING
in Hong Kong
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If tech entrepreneur Joe Chan had his way, Asia's trailblazing “PayPal Mafia” may soon make its presence felt.

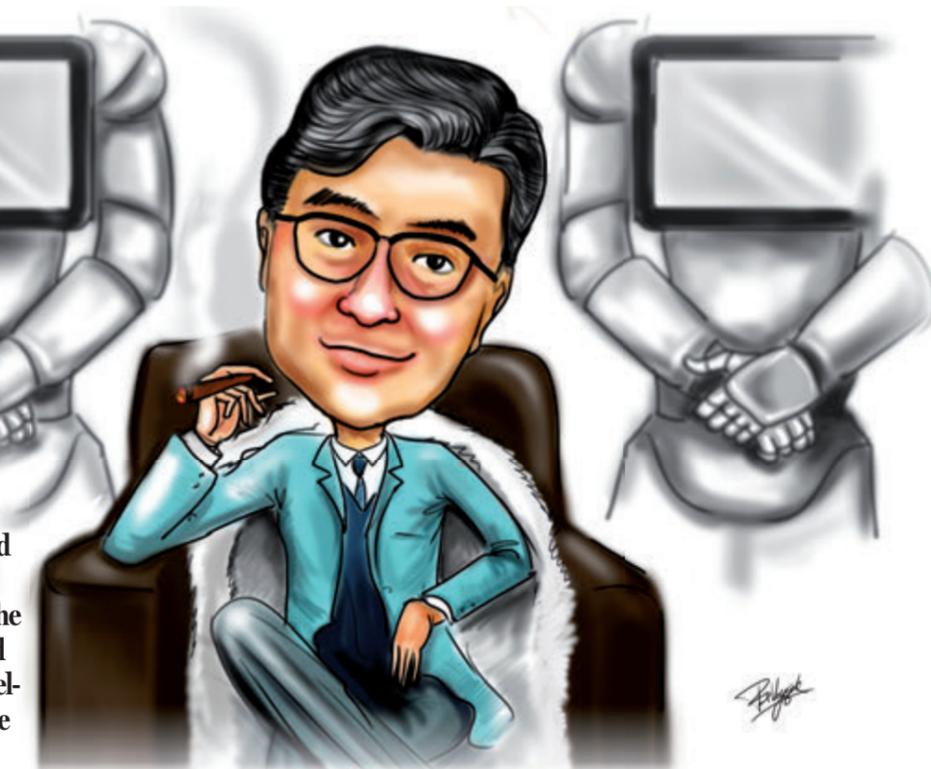
Chan, managing partner of MindWorks — a budding venture capital enterprise with offices in Hong Kong and London and with an eye on the Greater China region and Southeast Asia — laments that venture capital investment has been swept under the carpet by angel investors due to risk concerns and rather untempting returns.

Hong Kong is not devoid of investors, and projects abound too, he insists, but most of them prefer to opt for the property and finance business instead of tech startups.

“There're many angel investors in Hong Kong investing a few hundred thousand dollars helping the younger generation, or funds plowing their money into Pre-IPOs, such as Horizons Ventures, which has just invested in Razer USA Ltd, a Singaporean-founded American company. But, the venture capital industry has yet to rev

“Hong Kong has its advantages in terms of a robust tax and exports system, backed by a long history and entrepreneurship of the older generations, and Hong Kong needs excellent talents to effect the change.”

Joe Chan, managing partner of MindWorks



New hospital in Heihe to serve Russian patients

By WANG XIAODONG
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A new hospital will be built in Heihe, Heilongjiang province, near the border of China and Russia, to cater to the increasing number of Russians seeking healthcare services in China.

The Heihe China-Russia Friendship Hospital will have 600 beds and is expected to become a top international hospital and develop into a major platform for medical exchanges and cooperation between the two countries, the government of Heihe said.

Sun Hongtao, president of Heihe No 1 People's Hospital, who will serve as president of the new hospital, said approval had been given by the Heilongjiang provincial Health and Family Planning Commission, and that construction is likely to begin next year. It is slated to start providing services in 2019.

A nursing facility that occupies 8.4 hectares and accommodates 800 seniors will be built along with the hospital to provide nursing and healthcare services, he said.

"The hospital and nursing home will mainly receive Chinese and Russians, but they will also accept people from other countries," Sun said.

The hospital will be the only one of its kind in China, he said.

"It will greatly improve medical services for the large number of tourists

from Russia in Heihe and neighboring areas," Sun said. "For example, they can be sent to the hospital for proper treatment in case of emergency."

After opening, the hospital will be assisted by Heihe No 1 People's Hospital — the major hospital in the city. Top hospitals and medical schools in China and Russia will also provide support, he said.

Amur Oblast, a Russian territory across the Heilong River from Heihe, also needs such a hospital for some patients, Sun said.

"Some hospitals in Harbin, Heilongjiang's capital, are receiving a great number of Russian patients with cerebral palsy," he said. "We expect Russian patients with the disease will seek treatment at the China-Russia Friendship Hospital in Heihe, since it will be on their doorstep."

Tao Wei, director of the department of oral medicine at Heihe No 1 People's Hospital, said last year that the hospital received more than 600 patients with dental problems from Russia seeking medical treatment.

"Compared with some hospitals in Russia, we offer more convenient services," he said. "A patient can finish a dental implant within five days at our hospital, while in a hospital in Russia it may take weeks or even longer."

More than 8,000 seniors from Russia visited Heihe in the first half of the year for tours and healthcare services, according to the city's publicity department.

Search for the living



Rescuers search an area for survivors after a landslide in Maqen county in the Golog Tibetan autonomous prefecture of Qinghai province on Wednesday. Seven people were killed and two were injured in the slide, which occurred at around 4:30 am.

GAZANG REDAN / XINHUA

Afghan children to get free treatment

By CUI JIA
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Twenty-one children from Afghanistan with congenital heart disease arrived in Urumqi, Xinjiang Uygur autonomous region, on Wednesday to receive free surgical treatment.

The children, all under age 14, are the first to benefit from a humanitarian program for Afghan children with severe problems under the Belt and Road Initiative.

The Red Cross Society of China will take groups of children who have been screened for surgery to receive free treatment.

Screenings were carried out by the Chinese Red Cross foreign aid medical team in Kabul, Afghanistan, in late August, according to team leader Sun Shuopeng.

In its first phase, the program is expected to provide free medical treatment for around 100 Afghan children, Sun said.

The Afghan Red Crescent Society estimates that nearly 7,000 Afghan children with

congenital heart disease are in urgent need of treatment.

The program is funded by the Belt and Road Fraternity Fund, which was launched by the Red Cross Society of China in May. The fund aims to boost humanitarian activities and cooperation in countries involved in the Belt and Road Initiative.

Proposed by President Xi Jinping in 2013, the initiative is an umbrella term for the Silk Road Economic Belt and the 21st Century Maritime Silk Road.

Humanitarian threats such as military conflicts, natural disasters and uneven socioeconomic development are common in Belt and Road regions, so local demand for humanitarian aid is immense, said Wang Ping, vice-president of the society.

With financial support from the fund, the society established an emergency care center in Pakistan's Gwadar Port in May, alongside its local counterpart, the Pakistan Red Crescent Society.

Missions accomplished



Soldiers climb on training bars for a final group picture at an Armed Police division in Beijing on Wednesday. More than 300 soldiers will be demobilized after years of service here. New recruits will take their place in 10 days. HEI KE / FOR CHINA DAILY

Rail passengers move faster with online tools

More than 70 percent of tickets are now purchased in advance

By LUO WANGSHU
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It's not only trains in China that have gotten faster over the past five years. Passengers have also become more nimble in securing tickets thanks to online booking services.

More than 70 percent of rail tickets are now bought online, either through the official 12306.cn website or via mobile app, according to China Railway Corp, the network operator.

Its website has 300 million registered users, but its app appears to have made an even greater impact, accounting for more than 70 percent of all online sales, the data show.

China's online booking system is the world's largest in terms of trade volume, the company said.

The changes in rail transportation brought by the digital age stand in stark contrast to five years ago, when long lines were a common sight at train station ticket windows, especially around national holidays.

The 12306.cn booking web-

site quickly began to reduce the crowds when it was launched in early 2012. At the peak of the Spring Festival travel rush that year, the site sold 1.19 million tickets in a single day.

This year, the most tickets sold in a day was 9.33 million, again during the Spring Festival rush.

Zhang Meng recalls his days trying to catch a train home to Shandong province while he was a student in Beijing in the early 2000s.

"My roommates and I used to go to the station after dinner and spend the whole night waiting to buy a ticket home for the winter vacation," he said. "The most depressing thing was when you finally made it to the window and the tickets were sold out. It was a real headache back then."

He added that he no longer worries about traveling on the railways. Nowadays, "it's all just about touching my finger on a smartphone to buy a ticket."

The website and app, which allow users to check availability and book up to 30



Purchasing a train ticket via an app can make the process go much more smoothly. JIN PENG / FOR CHINA DAILY



days before the intended departure date, have noticeably improved the travel experience for passengers.

At train stations, automatic machines also help. They allow people to buy tickets and pick up preordered ones. In some cases, passengers

need only show their ID cards to board.

Some charitable organizations are even teaching migrant workers and seniors to use the online booking technology, which can make their lives easier.

According to CRC, an average 5.32 million tickets were sold online every day last year.

Li Jing, 45, has worked in railways for 25 years and was the top ticket seller at Taiyuan South Railway Station in Shanxi province. She sold 40,254 train tickets during the 40-day Spring Festival travel rush in 2011 (Jan 19 to Feb 27).

She averaged sales of 1,006 tickets a day, among the fastest for a human seller, the railway said. Li is deputy director of the ticket center and in charge of the inquiry and assistance desk at Taiyuan South station.

"The ticket-selling hall was always filled with people. Passengers could line up in front of the ticket window and wait for as long as 15 hours to get a ticket home," she recalled of the ticket rush during past Spring Festivals.

"More people buy tickets online now, and the crazy lineups are rarely seen," Li said.

Travel getting easier — just ask the robots

By LUO WANGSHU

A host of new services and facilities are expected to make railway passengers' experience more pleasant.

Products and services have been upgraded to benefit passengers, including online ticket purchasing, mobile payments, facial recognition for entering a station, easier transfers and onboard food ordering. All aim to satisfy diverse needs, according to China Railway Corp.

Robots have also been added to several large stations to answer passengers' questions and provide entertainment.

"When passengers have questions about how to buy tickets, how to change a date or find restaurants or a nearby parking lot, robots can provide the answers," said Li Yang, a staff member at Jinan West Railway Station in Shandong province.

The robots are amusing, too. "It's not so boring" to wait for trains anymore, Li said.

The latest move — allowing passengers on some bullet trains to order food online from restaurants and have it delivered to their seats — started on July 17.

The China Railway Corp ticket booking website and



Food couriers hand meals — which were ordered in advance — to railway attendants who will take them to passengers in their seats. The service has been available since July 17 at 27 major stations. ZHANG XIN / FOR CHINA DAILY

app allow users who intend to pass through selected stations to preorder meals, either from the train's catering service or from partner businesses, such as KFC.

Initially, the service will be available at 27 high-speed rail stations in 24 cities, mainly provincial capitals and major metropolises, including Shanghai, Tianjin, Zhengzhou, Guangzhou and Nanjing.

Liu Kun took a bullet train from Beijing to Qingdao and ordered KFC in advance when booking her ticket. The food was scheduled for delivery at Jinan West Railway Station.

"My food was delivered to my seat as soon as the train left Jinan. It was so convenient and the price is about the same as at KFC stores," Liu said.

According to CRC, the move aims to meet the diverse and individualized demands of passengers by introducing more brands and restaurants, diversifying meal choices and providing richer services.

New technology also enriches passengers' travel experiences. At Lanzhou West train station in Lanzhou, Gansu province, a facial recognition system was installed in May to allow pas-

sengers to pass the security check more efficiently," said Wang Jian, the station head.

A facial recognition system can speed up verification of passenger identity, which was done before by train station staff members checking train tickets and ID cards. Now, passengers scan their tickets and ID cards at the facial recognition machine. When passengers make the scan, a camera installed in the machine will capture facial images. If the image matches the ID card and ticket, the gate will open automatically to allow entry.

Several large train stations have launched facial recognition systems, including Guangzhou, Beijing and Changsha. Beijing West Railway Station was among the first to have it. A passenger surnamed Zhang experienced the facial recognition there in December when it was first launched.

"It was fun to go through the gate using the facial recognition system. But it sometimes slows things down at the checkpoint because passengers are not familiar with the new technique," Zhang said, adding that she prefers the facial recognition system when not in a hurry.

Trademark: Court rules in favor of Qualcomm

By ZHOU WENTING
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A court verdict on Tuesday brought an end to a seven-year trademark conflict between a local maker of electronic products and a US chip maker, both of which sell their products under the Chinese name "Gao Tong" in the Chinese market.

Gotop, a Shanghai-based private business, lost the trademark infringement lawsuit against Qualcomm Inc, including a request for 100 million yuan (\$15.2 million) in compensation, in Shanghai High People's Court, based on the conclusion that the business scope of the two companies, which both hold the Chinese name Gao Tong, don't overlap.

Gotop, founded in 1992, makes a variety of electronic products, such as video graphics cards, LCD touch screens and electronic tags for commodities on supermarket shelves. It also makes semiconductor chips for mobile phones and tablets.

Qualcomm, founded in 1985, which manufactures a range of electronics related to telecommunication, entered the Chinese market in 1994.



“People won't think that there's a particular connection between the two based on general understanding.”

Gao Yuan, publicity officer for Shanghai High People's Court

In 2010, the US company asked China's Trademark Office to revoke two Gao Tong trademarks registered by Gotop. Qualcomm was using the name to brand its telecom products and services.

The revocation request was approved because the trademarks had not been used for three years, which makes them invalid under Chinese law.

Gotop twice lost appeals against the decision.

It turned to the Shanghai High People's Court in April 2014, requesting that Qualcomm stop using four Gao Tong trademarks on various products and services, claiming its use could confuse consumers and render them unable to distinguish between the products of the two companies.

The trial opened in May last year. Gotop insisted during the trial that it had the right to make and sell products under both names of Gotop and Gao Tong. It also blamed Qualcomm for "maliciously" attempting to confuse the two companies and their products, which it claimed were in the same business category.

Qualcomm defended itself by saying its products were different from Gotop's, and that it did not violate anyone's intellectual property rights.

It also told the court that the Qualcomm name derives from "quality communication," which translates as *gao tong* in Chinese; hence it was merely coincidence that the two companies had the same Chinese name.

The court ruled in favor of Qualcomm.

"One of the trademarks that Gotop believed was infringed, for example, was where it used the trademark in telecom services and meant for general consumers, while the US company used it on mobile phone chips and meant for phone manufacturers," said Gao Yuan, a publicity officer for the court.

"The two products of the two companies have different functions, sales channels and target consumers. People won't think that there's a particular connection between the two based on general understanding."

8 SHANGHAI

BUSINESS LEADER

Making the most out of the situation

The head honcho of the Chinese arm of US spices and flavoring giant McCormick sees the growing healthy eating trend not as a setback but an impetus to innovate and offer higher quality products

By XU JUNQIAN in Shanghai
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Chinese consumers are becoming increasingly concerned with their health and have been attempting to reduce their intake of salt and condiments.

But for Benjamin Lee, chairman and president of McCormick in China, this heightened health awareness has created more opportunities than challenges for the US spices and flavoring giant.

"Going for healthy food doesn't necessarily mean going for bland food," said the 58-year-old Hong Kong native. "On the contrary, it could actually mean people are ready to pay for better products."

A survey conducted by British consultancy Mintel showed that up to 48 percent of the more than 3,000 Chinese interviewees who were aged between 20 and 49 said they have tried to limit their salt and sauce intake in 2016. Sauces and seasoning products with lower or reduced sodium levels are also becoming more commonplace in Chinese kitchens.

Established as a joint venture in Shanghai in 1989, McCormick China has enjoyed double-digit growth over the past few years. The company posted global revenue takings of \$4.4 billion last year, with

China contributing to about 10 percent of it, making it the second largest market after the US.

The company's industrial and retail products have enjoyed steady growth in China and its business-to-business sector slightly outpaced the business-to-customer segment in terms of sales, mainly due to the strong performances from fast food chain restaurants that McCormick partners with in the country.

To maintain the momentum, Lee said the company is focusing on research and development, which accounts for around 2 percent of the annual turnover, and increasing its production capacity in China.

Aside from its two plants, one in Central China's Wuhan, Hubei province and the other in Guangzhou, Guangdong province, the company has also invested upwards of \$70 million to expand the production capacity of the factory in Shanghai. This project ranks among its biggest investments in China. Following the expansion, the factory's annual output will be raised from 60,000 tons to 160,000 tons.

"China has always been, and will continue to be, one of McCormick's most important markets," said Lee.

"When we look at the Chinese market, we never look



McCormick China Chairman and President Benjamin Lee foresees more room for growth in the country's condiments sector. GAO ERQIANG / CHINA DAILY

at it as an individual market. There is no such thing as one Chinese cuisine — there are eight. And people from the younger generation are adopting and embracing different types of cuisines much better than the previous generation. This will definitely bring more opportunities," he added.

Mintel's report forecasts that the foreign sauces segment is estimated to grow at a

compound annual growth rate of 11.9 percent between 2016 and 2021. It added that salad dressing will grow the fastest while ketchup will enjoy the highest penetration.

Lee noted that these two sauces, which are McCormick's bestsellers in China, came into popularity because Western cuisines are more widely accepted today and Chinese restaurants are increasingly

using them. A famous restaurant chain serving Beijing cuisines has even commissioned McCormick to develop a special salad sauce for its signature roast ducks.

Lai Shengqiang, a Shanghai chef renowned for his Western cuisine, pointed out that a growing number of young Chinese parents are consuming salads and other Western style dishes primarily

“Going for healthy food doesn't necessarily mean going for bland food.”

Benjamin Lee, chairman and president of McCormick in China

because of convenience and health reasons.

"The rise of salads and the use of salad dressings may also have something to do with the global trend of eating wholesome products and superfoods," said Lai, who has published a series of cooking books in Chinese about cooking Western style meals at home.

McCormick also has a strong research and development team which includes a number of professional chefs and this has enabled it to introduce 100 new products in China every year. The majority of its products sold in China are developed and tailored exclusively for the market.

In 2013, McCormick announced that it had acquired Wuhan Asia-Pacific

Condiments Co for \$141 million. According to industry insiders, this investment has made up for McCormick's absence in Central China and the traditional sauce sector, and has allowed the company to leverage the half-century-old Chinese company's distribution networks.

The acquisition has also boosted McCormick China's share in the global business from around 5 percent to 10. Revenue from the acquired businesses now account for about one-third of McCormick China's total.

Looking ahead, Lee said the company will not stop looking for new Chinese brands to acquire. However, he noted that McCormick would only deal in acquisitions that are responsible and sustainable.

A veteran in the fast-moving consumer goods industry, Lee formerly worked at Kodak and Coca Cola, helping to expand their footprint in China.

"I am always interested in bringing a company, or an industry, from bud to blossom," he said.

"When I started working at McCormick, the seasoning products in China could not fill even one shelf in supermarket. Today, they have become so diversified that they can have their own zones. But I think we can grow even further."



The model sculpture of the damper in the tower which is the first in the world to use an eddy current damper. GAO ERQIANG / CHINA DAILY

Shanghai Tower damper unveiled

By ZHOU WENTING

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The Shanghai Tower's 1,000-ton damping system, the device that boosts the stability of the country's highest building, was opened to the public on Aug 28.

The Shanghai Tower is the first skyscraper in the world to use the eddy current damping system, which was designed and made by a domestic company.

Qian Feng, a senior engineer at the Shanghai Research Institute of Materials and the chief designer of the damper, said that the device is hung in the air with 12 steel cables and works like an automatic clock pendulum with a sway range of 2 meters in all directions.

"A number of typhoons battered the city in the last two summers after the damping system was installed in early 2015. They have tested the stabilizer and we are sure it meets the requirements we designed it for," said Zhu Dexiang, director of the Shanghai Research Institute of Materials.

The space on the 126th floor also features a 7.7-meter-tall sculpture made of azure stones that stands atop the damper.

"It looks like a giant eye and it signifies our best

wishes to Shanghai and its prosperous development," said Gu Jianping, president of Shanghai Tower Construction and Development Co.

The two floors also boast having the world's highest music hall with 240 high-definition speakers that provide the same sound quality wherever the visitor sits, according to Gu. It costs 680 yuan (\$103) per person for a guided tour.

The Shanghai Tower was officially opened in April 2017 and has received an average of 11,000 visitors daily.

Only second to the 828-meter Burj Khalifa in Dubai in height, the building houses China's highest restaurant on the 120th floor, the highest hotel lobby on the 101st floor and the highest swimming pool with a view of the cityscape from the 84th floor.

The building also has the world's fastest elevators which can travel at 18 meters per second. Tourists can travel from the ground level to the observation deck on the 119th floor in less than 55 seconds.

The building is the latest addition to the cluster of super skyscrapers in Shanghai's Lujiazui financial area, alongside the 468-meter Oriental Pearl Television Tower, the 421-meter Jin Mao Tower and 492-meter Shanghai World Financial Center.

EVCARD announces subscriber numbers

By SHI JING in Shanghai
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Shanghai-based electric car-sharing service provider EVCARD has announced that its subscribership exceeded 1.2 million people, making it one of the biggest car-sharing companies in the world.

Some of the other major companies in the world include German automotive group Daimler, which rolled out its electric car-sharing business Car2go in 2008. It currently has more than 1.1 million users worldwide. Paris is also launching its electric car sharing service Autolib in 2011.

Officially launched by Shanghai-based automotive manufacturer SAIC Motor in 2013, EVCARD has since set up 5,200 branches and 29,000 parking lots in 31 Chinese cities. The company's monthly order has exceeded 600,000, with 30 percent of its registered users using its service every day.



“What we will do is to merge the ecosystem of transportation so that we can provide convenience to users and lower their costs.”

Cao Guangyu, EVCARD's chief executive

According to EVCARD, it has a fleet of more than 6,000 cars in Shanghai and each vehicle is used an average of seven times a day.

It costs 15 yuan (\$2.2) to use a car for 30 minutes and each extra minute costs 0.6 yuan in town areas and 0.5 yuan when outside of the city center. The daily rental cap is 219 yuan for cars such as the Roewe E50 or Chery eQ. The BMW i3 costs more — 21 yuan for every 10 minutes, with a daily rental cap of 759 yuan.

According to EVCARD's chief executive Cao Guangyu, university students and teachers, as well as self-employed

people, make up the majority of their current customer base. Most of the users are aged between 21 and 35 and 70 percent of them are men. Mid- to high-level income earners are the company's main target audience.

The rapid development of EVCARD comes at a time when Beijing is backing the proliferation of green cars. On Aug 8, the Ministry of Transport and Ministry of Housing and Urban-Rural Development released a guideline to promote the rental business of light vans.

With the central government's support, a number of EVCARD's competitors have

sprouted across the country. Gofun Chuxing, launched by State-owned Beijing Shouqi Group, said it would expand its presence to 20 cities with more than 15,000 electric cars by the end of this year. Shenzhen-based Ponycar said it plans to launch up to 10,000 electric cars in first-tier cities within a year.

Cao also hinted that the company will be turning itself into a platform that can connect various modes of transportation.

"We are looking to connect buses, bike-sharing businesses, taxis, private cars and ride-hailing services. What we will do is to merge the

ecosystem of transportation so that we can provide convenience to users and lower their costs," he said.

According to the China Sharing Economy Development Report 2017 released by the Sharing Economy Research Institute of the State Information Center earlier this year, the transaction value of the country's sharing economy totaled 3.45 trillion yuan (\$522.45 billion) in 2016. The center estimates that the sharing economy will contribute at least 10 percent to China's GDP by 2020. Within the next decade, there will be up to 10 major sharing economy platforms in China.

Meanwhile, Shanghai-based research institute CBNDATA has projected that the market value of the sharing transportation businesses will amount to 1.8 trillion yuan by the end of 2018, of which 380 billion yuan will come from the car-sharing sector.

A database for the city's old street names

By SHI JING in Shanghai

The Shanghai municipal government is currently conducting a survey as part of efforts to create a database containing old street names that have been in the city for hundreds of years.

This survey by the Urban Planning, Land and Resources Bureau is being carried out in response to the proposal submitted by the Shanghai Association for Science and Technology during the city's "Two Sessions" at the beginning of this year. According to the association, some of the old streets in the city date back to the Ming Dynasty (1368-1644).

"While a large number of the old streets have lost their historic appearances because of the acceleration



Lao Xiaopi Nong, or leather processing lane, is one of the many old road names in Shanghai. GAO ERQIANG / CHINA DAILY

of urbanization, their names have mostly been preserved. These names represent history and memories," said the association in the proposal.

The association suggested

to the historic preservation department that old streets could be treated like relics. For example, commemorative plaques and art sculptures could be set up beside street

name plates to showcase the significance of the road.

The association estimates that there are more than 20 streets with special historic names that need to be properly preserved. The Lannidu Road, which means "muddy road", is one such example.

The road is presently located in the center of the Lujiazui financial area where there used to be tidal flats more than a century ago. The road was named as such because many of the people who fished in this area in the past often had their shoes stuck in the mud.

The name for Fahuazhen Road, located in the western part of Shanghai, was derived from the Fahu Temple built more than 1,000 years ago. Back during those ancient times, the area where the road now stands was a river. It was

not until 1958 that the river was reclaimed into a road.

Yaoshui Alley, which means "chemical reagents alley", is today situated adjacent to the Suzhou Creek in Putuo district. This street name came about in 1907 when a British manufacturer moved its plant which produced hydrochloric, sulphuric and nitric acids from Jiangsu province to Shanghai.

In 2005, the municipal government of Shanghai announced a list of 64 streets that would never be expanded in order to preserve its historic look.

In conjunction with the plan of setting up a database of old street names, the local government will also shoot a series of documentaries to commemorate the city's history.

DINING

FROM PAST TO PRESENT

Once regarded as a lavish treat that not everyone could afford, KFC is today the undisputed leader in the domestic fast food industry, with its famous offerings consumed by millions



“It was common that customers had to wait for one or two hours outside the store.”

Zhao Li, 51, who was among the first 98 staff at the KFC Qianmen outlet when it opened in 1987. She is today the regional manager of KFC in Beijing.

How did you end up working at KFC?

I saw the job posting on the local newspaper and found out the hiring restaurant was just one block away from my home. I had completely no idea what KFC, or fast food, or Western restaurants were as there were no such things back then. My only motivation was the fact that the restaurant was near home and that might be better than the administrative job my family found for me at a hospital.

When I arrived for the interview, which was arranged at a middle school opposite the restaurant, I was shocked. There were so many candidates that I could barely make it past the school gate. And everyone, both male and female, were so attractive. It was more like a casting call for a film.

There was also a height requirement — women had to be above 1.6 meters while men had to be taller than 1.7 meters. I was later told that only 98 out of the more than 1,000 people would be hired. I waited more than four hours for my turn, but the interview was quick — a self introduction in Chinese and in English, followed by a written examination that required you to translate Chinese numbers into English. That was it.

I was notified two days later and started job training for about three months. Part of the training involved watching a program on a small black and white television about how KFC in the United States operates.

What was the business like when it first opened?

It was an instant hit and we were breaking sales records almost every day. During the first year, our daily turnover peaked at 150,000 yuan (\$22,790), an amount no other KFC in the world has achieved even till today despite inflation over the past three decades. It was common that customers had to wait for one or two hours outside the store. Sometimes customers would just tour the store and leave without buying anything because 2.5 yuan for a piece of fried chicken was considered too pricey.

We also had to deal with misconceptions because most Chinese customers had never been to a fast food store before. There were actually people who tried ordering chicken soup noodles or a whole chicken. Some even said they wanted to order “a KFC”. There were also people who left the counter after paying and we had to explain to them that KFC was a self-service restaurant.

Was it a big deal to work at KFC since it was so popular?

For the first few years, my family and friends did not know what I was doing. The most common question I was asked was if I fried the chickens at the restaurant. We started with 2 yuan per day and quickly progressed to 5 yuan per day. I guess we were the best-paid cashiers and waitresses in China then.

Starting from the third year of operations, KFC started to recruit again for its second location. Many of those who applied for the job had “special connections” to become a cashier or a waiter.

How has KFC in China changed over the decades?

In 1987, KFC came and offered whatever it had without knowing or caring if the consumers even wanted fried chicken. Today, Chinese consumers are increasingly sophisticated and knowledgeable, and we are making every decision based on large amounts of consumers insights and market data.



When KFC opened its first store on the Chinese mainland in Qianmen, Beijing, in 1987, burgers and fries quickly become a desirable food to have on Chinese dining tables. PROVIDED TO CHINA DAILY



“The toy came as an extra bonus.”

Yu Zhilin, 23, a college student in Weihai, Shandong province, who is an avid KFC toy collector

How did you become a KFC toy collector?

The first toy I got was by accident. I had been dreaming about having a KFC meal for months after watching its TV commercials. My dream finally came true at the age of 12 when I was rewarded with a KFC meal for getting good grades in school.

The toy came as an extra bonus because I had the Happy Kids' Meal. It was a blue plastic Doraemon that can be remotely controlled by sound. It was so exquisite and fun that I

lost interest in many of the other toys that my parents bought for me. I stopped counting the number of KFC toys I own about two years ago — it's just too much work. Back then, the figure exceeded 1,300.

Are you still collecting KFC toys? Why?

Yes, I am still trying to collect as many KFC toys as possible. I think the amount I have now accounts for about one-third of what KFC has introduced in China. When I first started, it was mainly a competition

with my peers to see who can get the latest collectible first since having a KFC meal was a very big deal back then. This gradually turned into a hobby and it is thankfully not a very expensive one to have. I think I will keep collecting as long as KFC introduces new toys.

I have never thought about selling my toys, though I know some of them can fetch high prices on online auction platforms. But I always want to set up a space at a kindergarten or primary school in an underprivileged region so that the kids there can play with the toys.

Did you face any problems in collecting these toys?

The early years were difficult mainly because of money and distance. I had to be on my best behavior in order to earn a 20 yuan “KFC fund” from my mom. As I wanted to save on the 5-yuan bus fare, I would walk 40 minutes to and from the only KFC in my hometown. Doing so also allowed me to use the savings to enjoy a secret KFC meal that my mother did not know about.

When I grew older, it was the obsession with getting a complete collection that was tiring. Once, I had five kids' meals and visited all seven outlets in my hometown within a day.

Do you collect other toys?

Yes, I have 500 or so toys from animations and upwards of 300 from McDonald's. But I focus on collecting KFC toys because they came to my hometown first.



“I was craving American food and one day someone told me there was a KFC near Tian'anmen.”

Doug Young, 53, a US freelance journalist and writer who has been in China intermittently for 20 years

What were you doing in China in 1987?

I graduated from university the year before and came to Beijing in May with a friend who was very interested in China and wanted to continue his Chinese studies in Taiwan. I got a job to teach English at a university here so I came back in August and stayed for two years before going to Hong Kong.

Back then, there were no Western food establishments. The only Western food we could get was from joint venture hotels.

I was craving American food and one day someone told me there was a KFC near Tian'anmen, so I went down and saw this massive

restaurant that was nothing like the US outlets. It was like a tourist attraction. Today it has become a one-floor restaurant that is nothing like the old one.

What was it like to eat at a KFC in China in 1987?

It was quite special. Most foreigners were getting special treatment at hotels and train stations in China. But at KFC, we had to dine like the average Chinese. We needed to wait in line and I had to spend more than an hour to travel to KFC from the university I taught at. Because of the distance, I only ate at KFC twice a month at most.

I love fried chicken. But I wasn't that into KFC back in the US. There were several chains offering fried chicken where I grew up in Washington DC. I guess most of my KFC quota was filled in China.

How often do you dine at fast food restaurant now?

Almost never. It's interesting. Now, I only go to KFC or McDonald's when I am out of Beijing where I live, or in Chinese cities I am not very familiar with. The food is not very healthy and there are also so many other choices to choose from. But I never worry about food safety issues. I think most of the issues were merely storms in teacups. I personally believe that big chains, including Chinese fast food chains, have a higher food safety standard than the smaller shops along the street.

What do you think makes KFC bigger than McDonald's in China?

KFC arrived five years earlier in Beijing, which is very important. Besides, I think chicken was more “Chinese” than hamburgers during those early days. Chicken is also cheaper than beef here in China and KFC is generally cheaper than McDonald's — this makes it easier for them to penetrate the smaller cities.



“It's more than accurate to say that McDonald's and KFC have built the food supply chain of China.”

Guo Geping, founder and director of China Chain Store and Franchise Association

Was KFC the first chain restaurant on the Chinese mainland?

Definitely. Before KFC there was no such thing as a chain store. If you told a businessman that you wanted to develop your business into a chain during the 1980s or even early 1990s, they would have no idea what you're talking about. The success of KFC in China has provided a prototype for the country's restaurateurs and other businesses to learn from. Meanwhile, it has also helped to set up benchmarks, standards and even the whole fast food industry.

Traditionally, restaurant businesses in China refer to mom-and-pop shops. The owner sources his ingredients directly from markets, which is still the way many small eateries operate today in the country. But in Japan, a hole-in-the-wall restaurant is backed up by a very strong supply chain. It's more than accurate to say that McDonald's and KFC have built the food supply chain of China and reshaped the landscape of the country's restaurant business.

Do you think KFC and McDonald's have lost their edge in China?

In terms of size, they are still far ahead of other restaurant chains. In the top 100 rankings for the revenue of chain businesses in China in 2016, KFC and McDonald's were the only restaurant brands on the list. KFC was 9th and McDonald's was 26th. Together with Starbucks, the three players account for about one-third of the restaurant chain business in China.

In terms of popularity, the reasons people dine out today could be very different from decades ago. Before, there was only one reason: such foods were a special treat.

Today, the motivations could vary from not wanting to cook to people looking for a social and business meeting location. You could say that KFC and McDonald's have returned to their roots in China — being fast and convenient instead of being a luxurious and exotic dining experience.

COOPERATION

Ghana and China need to enhance trust

World's second most powerful economy owes its success to discipline and this is a lesson Africa needs to follow if it is to follow suit, envoy stresses

By EDMUND SMITH-ASANTE

Enhancing trust will be the key to further improving the already good ties between China and Ghana, the African country's new ambassador says.

Edward Boateng, who became Ghana's ambassador to China about a month ago, has a clear vision of what needs to be done to bring both countries even closer together for the mutual benefit of their people. Ties between the two countries span more than five decades.

"My principal objective is to deepen the relationship between Ghana and China, especially on the economic front," he says. "China is the world's second-biggest economy and growing very fast."

"They have transformed their economy within the last 40 years at amazing speed. (China has) cities and provinces that 20 years ago were farmland and today are as modern as any city in the world that one can think of, and I think there is a lot that we can learn from them."

However, Boateng says that for Ghana to be able to deepen its relationship with China, "we need to build trust. China should see Ghana as a reliable ally, and Ghana equally should see China as a reliable ally."

He says the three key things he hopes to accomplish as his country's representative in China are to deepen the relationship between the two countries, build trust and ensure the two countries can depend on each other.

"I believe we can also learn from China in terms of human resource development," he adds.

A businessman with much experience with several multinational companies, Boateng believes that although Ghana has a lot of capable human



Edward Boateng says Ghana can learn from China in terms of human resource development. PROVIDED TO CHINA DAILY

resources, what is lacking is the building up of capacity, which he intends to help build as ambassador.

He praises the extent to which China has built up its human resource capacity and believes that Ghana can tap that rich experience to strengthen its own institutions, such as its National Service Secretariat, which ensures that students who graduate from accredited higher education institutions provide one year of mandatory service to the country.

"One of the things I am

proposing is that our national service be looked at to find out if it is working, and when people come out of the national service, are they well equipped to face the challenges to transform our economy?"

Boateng says Ghana's government and citizens sometimes look at issues from different positions, which hampers development. "We need to have a discipline of purpose, such that we all believe that this is where we are going, and that is important and I think sometimes

that is lacking," he says.

Sharing his first impressions about China, the ambassador says: "I like the discipline. I think it is something that we sometimes lack, not only in Ghana but also in the African world."

"I lived in the US and the US developed because of discipline, Europe developed because of discipline, so the discipline that we have in China is no different from the developed economies of the world. And I think discipline (of purpose) is one of the first or fundamental

things that we also need to address if we really want to develop with speed."

Regarding China's rapid transformation of the past four decades, Boateng says, "To transform a farmland into a modern high-tech environment, you need to have discipline, timeliness of delivery and thinking alike, which we lack back home."

The relationship between Ghana and China dates to 1960, when diplomatic relations were established. During the fruitful relations, Ghana has provided extensive diplo-

matic support to China, including lobbying by Ghana's first president, Kwame Nkrumah, for China's reinstatement to the United Nations.

China has reciprocated by offering material support for Ghana's development and has become Ghana's largest trading partner, with a trade volume of \$5.6 billion by the end of 2014.

Boateng says that for the first time in five years, Ghana and China are also set to exchange high-profile visits between the two countries to boost bilateral ties.



My principal objective is to deepen the relationship between Ghana and China, especially on the economic front."

Edward Boateng, Ghana's ambassador to China

Key among them will be a visit to Ghana by Vice-Minister of Commerce Wang Shouwen by September and a visit by Ghanaian President Nana Addo Dankwa Akufo-Addo to China next year, he says.

Ghanaian Vice-President Mahamudu Bawumia made a four-day state trip to China in June at the invitation of Chinese Vice-President Li Yuanchao.

Boateng says the high-profile visits are meant to build trust between the two countries, just as has been accomplished with countries in East Africa such as Ethiopia and Kenya.

"I think that is exactly what President Akufo-Addo wants us to do, and that is why he sent me here," Boateng says, adding that he hopes to open new doors of cooperation between Ghana and China.

"I think the fact that Vice-President Bawumia came here within the first six months of our coming into power is part of the process. ... That particular visit in a way opened the doors to establishing that trust that we are talking about."

The writer is a staff writer for the Ghanaian Daily Graphic and is currently visiting China Daily as part of a fellowship program of the China-Africa Press Centre.

ACADEMIC

'Europe needs to turn toward China,' says academic

By FU JING

fujing@chinadaily.com.cn

Nowadays, there are two dominant approaches used by world powers to deal with other countries, according to Belgian scholar of globalization Dries Lesage.

One is that of the West which, for nearly 500 years, has held the mentality of "ruling the world", sometimes through military intervention. The other is that of China, which is implementing a win-win strategy to win the "hearts and minds" of many countries.

"But the mentality of the West, of ruling the world, should come to an end after being held for 500 years," says Lesage, director of the Ghent Institute for International Studies, at Ghent University in Belgium.

"This is because, materially, the West's economic and military weight cannot sustain it any more."

Nowadays, many troubles in the world still have their roots in the West's old mentality, says Lesage, an authoritative voice in Belgium on global governance, international tax policies, multipolarity and global governance.

Based on historic and current lessons, Lesage also urges the European Union to distance itself from US foreign policy and shape its own vision. He believes China has

set an excellent example in forming sound relationships with partners in this multipolar world.

"The EU should not join the United States in its vision of ruling the world any more," says Lesage, during a lunch interview with China Daily near EU headquarters, before he heads for an important consultation meeting organized by Belgian government.

For five centuries, the West has been putting this vision into practice and many times has realized its goals by military means, Lesage says. The US and NATO still hold on to that approach, which originated in the colonial era and lasted until the end of Cold War. China suffered from Western dominance in the 1800s and 1900s, with various military attacks, he says.

What is more, he says, many problems nowadays in Africa and Eurasia are the result of this lasting mentality of the West.

On the other hand, China's rising global leadership is a big development on the international stage at the moment. It has become more assertive internationally in terms of expansion of influence — but he says this is not only in the interests of China but also of its partner countries throughout the world.

This, he says, gained momentum after US President Donald Trump's administra-

tion announced its intention to withdraw from the Paris Agreement on climate and the Trans-Pacific Partnership.

"China now is similar, to some extent, to the US in the first decade after World War II," says Lesage.

The US had started in 1944 establishing the Bretton Woods monetary system and the United Nations, which are still the basic structures of the multilateral system that the US has benefited from.

In terms of influence, China is now taking a bigger responsibility in the world, demonstrated in its defence of the Paris Agreement, open economies and free trade.

The professor believes developments over the coming months and years will be fascinating.

He says the EU should reshape its foreign policy vision by responding to the evolving global situation, though so far there is no European consensus in this regard.

His "personal and subjective EU vision" is that the world must be multipolar, with the West's identity, covering those across the Atlantic, still in existence but as just one part of a multipolar world.

Furthermore, he says his EU vision must showcase inclusiveness, which means each player accepting the others and recognizing diversity, pluralism and a willingness to engage.



But the mentality of the West, of ruling the world, should come to an end after being held for 500 years."

Dries Lesage, director of the Ghent Institute for International Studies, at Ghent University

Elaborating further, he says mutual respect and equality are the essence of the international system and can help expand cooperation and discussion.

"Europe must know who are the new players now and for the years ahead," says Lesage.

He believes the EU's relationship with Russia should not continue to be "this bad" — referring to the sanctions imposed in the wake of the

Ukraine crisis.

"Europe should not continue the confrontations with Russia," says Lesage.

He emphasizes the essence of the EU's own vision, which also aims for win-win and a balanced and equal footing to everybody. Europe must understand that protecting its interests does not necessarily mean it being zero-sum game, says Lesage.

Asked if EU has begun to think about a new vision, he says: "I see the elements of it but don't see it as formed. Now what dominates is still the old mentality."

He warns that such a change of vision is moving very slowly at the European level.

However, he says that now China is a leader of open economy, free trade and an advocate of cooperation and mutual development. So in dealing with China, Lesage says the EU vision should be implemented by European institutions.

He says China and EU have used the same language in pursuing sustainable development and keeping commitments to Paris Agreement on climate change. What has impressed him is the linkage of the G20 agenda and the UN's 2030 Sustainable Development Goals.

In his opinion, the SDGs — addressing pressing global issues environmentally, socially, economically and politically — have gone some

way to offering solutions to emerging global crises.

He says the SDGs were approved in a difficult atmosphere in September 2015, amid the unfolding war in Syria and the Ukraine crisis, but they were a major achievement diplomatically. The G20 leaders endorsed the document again at the G20 summit in Hangzhou in 2016. Several G20 policies have been attached to the 2030 agenda and governments will be putting the goals at the centre of policymaking.

"The SDGs are not being marginalized, thanks to China's G20 presidency. Continuation is one characteristic of G20 and this should be kept from one presidency to another," he says.

Based on his observations, China has become proactive in solving regional conflicts, for which it has become a legitimate broker to offer diplomatic solutions by taking advantage of its neutral stance.

This has been seen in Syria, Yemen, the Persian Gulf, Iraq, Afghanistan and other regions, Lesage says. "China is different from the West and other powers, which have really made a mess of it. China is not involved. China can show legitimacy to respective parties. Its leadership is in mediating."

Lesage says China has not only become a broker in conflict zones but can also offer solutions on the ground. It

focuses on business, cooperation, development, building infrastructure, and has created a win-win situation by implementing the Belt and Road Initiative in Afghanistan.

"This is an interesting approach, which has won hearts and minds in Afghanistan. It is also a way to isolate extremists through business development and cooperation."

NATO, on the other hand, started its presence in Afghanistan in 2001 but, after 16 years, the country is still not stable. Military involvement should be blamed.

Regarding EU-China relations, he says Europe is "confused and divided" toward China, with some criticizing and others seeing China as an opportunity.

The European Commission's proposal to beef up screening of investment, especially that from China, and its inflexible attitude in pressing China to reduce its steel and iron production capacity have caused confrontations, even though the two sides are involved in a so-called strategic partnership.

In such a situation, China could easily become annoyed.

"When a friend criticizes you, you are more willing to listen. When an enemy criticizes you, you will just ignore them," says Lesage. "Europe is struggling with such a situation in terms of its relationship with China."

People

American in Beijing lives his Chinese dream

Terry Crossman has spent 20 years in the city he now calls home

Wearing his bright red armband and speaking fluent Mandarin, from a distance 62-year-old Gao Tianrui could be taken for any regular Chinese man.

But on closer inspection, things are not quite what they seem: Gao's real name is Terry and he is from the United States. Having lived in Beijing for more than 20 years, Terry Crossman has finally fulfilled his Chinese dream: becoming a public security volunteer. Life as a "Xicheng Dama" has even made him an online celebrity.

Xicheng Dama are volunteers, usually women in late middle-age, who roam the streets of downtown Beijing's Xicheng district. And now Crossman has joined their club.

In video footage that recently went viral, Crossman said that he initially saw the group as busybodies, but his opinion changed once he was on the inside.

"Gradually I saw that it is a good thing for retired seniors to come out and help others," he said.

In the footage, he is seen giving tourists directions, getting water for a baby and even helping a neighbor sell yogurt.

"I like helping others," he said. "I live in the hutong and my neighbors and I usually help each other ... This is where I live, where my friends are and where I call home."

Crossman became interested in Chinese culture as a teenager when he read the *Tao Te Ching* by Laozi.

At 18, he took a cargo ship to Taiwan to learn Chinese. On the ship the captain suggested that he should have a Chinese name.

"He named me Gao Tianrui, based on the pronunciation of my English name," he said.

After Taiwan he worked in several places, including New York, Singapore and a 12-year stint in Hong Kong.

Crossman first came to the Chinese mainland in 1981,

when he went to Shanghai and Suzhou in Jiangsu province.

"Wherever I went, I had at least 30 people following me, asking about Hong Kong, how much I earned and how I felt about the victory of the Chinese women's volleyball team," he said. In 1981, the Chinese women's volleyball team won the world championship for the first time.

His first visit to Beijing was six years later on business. "There were few cars and lots of bicycles on the roads."

Crossman and his family moved to Beijing in 1997, when the traffic was heavier and the city busier. "There were only two subway lines, with no air conditioning," he said.

Since then he has lived and worked in Beijing.

His parents separated when he was young, and he lived in many different places in the US, so he never felt like he had a regular home there.

"I had no hometown in the United States," he said. "Your home is where your things are. In this sense, Beijing is my home."

Crossman can make traditional Beijing bean-paste noodles, and when he goes to a restaurant, he orders dumplings, mashed eggplant and fermented bean curd, a traditional Beijing dish.

He can often be found chatting with local people, especially taxi drivers.

"I am more familiar with the lives of taxi drivers than most Beijingers," he said. "When I see their license numbers, I can tell how many years they have worked."

With the taxi drivers, he cannot resist talking about politics, sport and the economy.

"They are so knowledgeable," he said. "I learned many Chinese NBA words from them."

During his leisure time, Crossman teaches people English. Currently he is helping employees at a cafe near his home, telling them how to say useful words such as "set



Terry Crossman patrols streets in Beijing's Xicheng district as a public security volunteer. YANG HAODONG / FOR CHINA DAILY



Crossman prepares to launch a patrol from his home in a hutong. YANG HAODONG / FOR CHINA DAILY



Crossman has a lamb kebab in a hutong eatery while visiting Beijing in the 1980s. PROVIDED TO CHINA DAILY

meal" and "discount".

In March, Crossman met Liu Xiaoxia. Liu is in charge of a volunteer organization named Lanlifang (Blue Cube) and helped Crossman get into volunteering.

"I was afraid of foreigners in

the past because some of them had a bias against China," Liu said. "Lao Gao was different. He is warmhearted and jovial." She calls Crossman Lao Gao, his Chinese nickname.

Liu was making a video to promote her organization, and

invited Crossman to join in.

From then on, Crossman decided to become a volunteer.

"He asked me to give him a red armband," Liu said.

The armband is the symbol of the volunteers, and Cross-

man is proud of his.

"If I become a volunteer, I can make more friends," he said. "I feel special with the armband."

However, the seemingly carefree Crossman had one big problem: His visa expired

and his company no longer had an office in Beijing, leaving him unable to get a new work visa.

Crossman applied for a student visa and enrolled in a Chinese language course, but that visa will expire next month.

Crossman does not want to leave Beijing.

When he first came to the city there were just two subway lines, by the end of last year it was home to 18 lines with 288 stations.

Crossman finds it hard to say if he prefers the new or the old Beijing.

"In different periods I had different lives: married life, life with children and life alone," he said. "Now I just enjoy living here."

XINHUA

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The number of finless porpoises in Yangtze River

Year	Number
2006	1200
2012	500

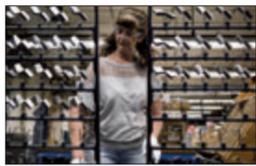
The number of finless porpoises in Dongting Lake

Year	Number
2006	200
2012	100

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Friday August 25

First internet-related dispute court is ready

China has set up its first court specializing in internet-related disputes.

The court is in the city of Hangzhou, Zhejiang province. Hangzhou is home to many technology enterprises, such as Alibaba, and because of that the city has witnessed a soaring number of online disputes in recent years. Hangzhou courts handled about 10,000 cases related to e-commerce last year, up from about 600 in 2013, according to the provincial high court.

The court will hear civil and administrative internet-related cases such as those involving online intellectual property rights and e-commerce disputes. It will also handle other web-related cases designated by higher courts.

A key feature of the court is that it allows litigants to handle a lawsuit entirely online. From case filing to the court hearing, litigants don't have to go to the court in person. If litigants disagree with the verdict, they can appeal to the city's intermediate people's court.

HIV-positive students enroll for college

Fifteen students at a school for HIV-positive students in North China have been enrolled in colleges this year and will start their new lives in September.

Two of them will enter four-year study programs at colleges that award bachelor's degrees, and the rest will go to three-year junior colleges, said Guo Xiaoping, principal of Linfen Red Ribbon School,

in Linfen, Shanxi province. Sixteen senior middle school students at the school — the only one in China that recruits students with HIV — took the college entrance exam this year, he said.

All the students were infected by HIV through their mothers, and most have lost one or both parents and have no source of income, he said.

Monday August 28

Fund punishes scientists for academic fraud

Scientists who were funded by the Chinese government and embroiled in an academic scandal that saw the retraction of 107 research papers by an international journal have received warnings or been banned from applying for funding.

In April, Springer, the publisher of Tumor Biology through 2016, retracted research papers by Chinese

authors after discovering they had been compromised by fake peer reviews.

Of the 107 papers, 18 concerned projects funded by the central government's National Natural Science Fund.

About 50 scientists were banned from applying to the fund for from one to seven years, and about 70 were given official warnings of academic misconduct.

New law on appropriate use of national anthem

China is drafting a law on the appropriate use of its national anthem, with violators, including those who maliciously modify the lyrics, facing criminal prosecution or up to 15 days detention.

The draft legislation was given a second reading at the bimonthly session of the National People's Congress (NPC) Standing Committee.

Lawmakers have made it illegal to use the national anthem at funerals and other "inappropriate" private occasions, in

commercial advertisements or as background music at public places.

The song will only be allowed at formal political gatherings, including the opening and closing of NPC sessions, constitutional oath ceremonies, flag raising ceremonies, major celebrations, award ceremonies, commemorations, national memorial day events, important diplomatic occasions, major sport events and other suitable occasions.

Tuesday August 29

Outbound M&A hits new high in first half of 2017

The number of Chinese outbound mergers and acquisitions hit a new high in the first half of 2017, demonstrating that demand for strategic overseas investments remains strong, according to a report by international accounting firm Pricewaterhouse Coopers (PwC).

The report said there were 5,010 outbound and domestic M&A deals in the first six months of this year. The total value of those deals was \$282.9 billion, down 20 percent compared with the second half of 2016.

While the total value of Chinese

outbound merger and acquisition deals in the first half fell 13.3 percent to stand at \$64.4 billion, the number of deals increased 8 percent to 482, compared with the second half of 2016.

"The absence of high-profile mega-deals has clearly affected the overall value of M&A activity," said Lu Guohun, PwC China transaction services partner. "But the fact that the volume of outbound transactions is now at a record high indicates that deals with a sound strategic rationale are still encouraged."

Rules drafted for IPRs of foreign companies

China's Ministry of Commerce has worked with other departments to draft a document on protecting the intellectual property rights (IPRs) of foreign companies in China.

The country will improve IPR protection for foreign companies by launching campaigns against violations and stepping up judicial and administrative protection, according to a guideline on ensuring foreign investment growth released by the State Council.

"China has attached great importance to IPR protection and seen visible results," said deputy minister of commerce Wang Shouwen at a press conference. "China's IPR protection has brought huge benefits to foreign IPR holders."

IPR spending to overseas owners rose to \$24 billion in 2016 from \$1.94 billion in 2001, an annualized increase of about 18 percent. In the first half of this year, the amount increased 23 percent year-on-year to \$14.3 billion.



It appears that the fate of a 590-foot-high chimney, dubbed "the most obtrusive building" on Beijing's West Second Ring Road, has been sealed. Plans to transform it into an observation deck just 26 feet above ground level await final approval from the capital city's planning department. For nine years plans to lower the chimney built in 1976 have sparked debate.

PROVIDED TO CHINA DAILY

Wednesday August 30

It was red roses for Valentine's Day

Red roses far outnumbered the sales of other flowers as Chinese couples celebrated Qixi Festival, the Chinese Valentine's Day.

Zhang Li, general manager of Kunming International Flora Auction Trading Center, said that more than 70 million fresh flowers were sold during the 15 days before the festival on Monday. Of those, 93 percent were roses.

The Kunming Dounan Flower Market, in Yunnan province, is the largest fresh flower market in Asia.

"The daily trade volume of fresh flowers reached more than 6 million in the week before the festival," said Zhang. "A record high of 7 million flowers were sold on both Aug 24 and 25, which surpassed the sales on this year's Valentine's Day." (Photo 1)

Zippo to add more Chinese designs to its lighters

Zippo, the US-based company that has produced more than 550 million windproof lighters in more than eight decades, plans to add more China designs to its product line, an acknowledgement that China has already become its biggest market by sales revenue in the world, said its head for Asian markets.

The Zippo Manufacturing Co, which was founded in 1932, will add designs featuring a giant panda and golden dragon. Liu Jinghua, Zippo's managing director for Asia, said the lighter

products with designs such as zodiac signs, love stories, famous paintings and military themes have become increasingly popular in China.

The company has experienced double-digit sales growth in China for the past six years, and expanded its sales channels from traditional shopping malls to online platforms such as JD.com and Tmall.com.

Zippo serves more than 160 countries and regions in the world. The company has manufactured more than 550 million lighters since 1932. (Photo 2)

Thursday August 31

More students study veterinary medicine

More students in China are choosing veterinary medicine as a career because of rising salaries, but the country is still short more than 1 million vets, according to industry sources.

Up to 10,000 students graduate with majors in the field every year in China, said Xiong Fuqiang, deputy Party chief of Nanjing Agricultural University's veterinary medicine school. "Few students, especially

female students, wanted to become vets in the past due to a heavy workload, low salary and bad working environment. But we have had good applicants in the past two years, and more than 60 percent of them are female," he said.

He said that the average starting salary for veterinary graduates is \$606 a month, and in three years earnings can surpass \$1,516. (Photo 3)

Facial recognition system spots wanted criminals

Twenty-five criminals at large expected to have some fun, but ended up being captured by a police facial recognition system during the 27th Qingdao International Beer Festival from Aug 4-27.

During the 24-day event, the system captured and recognized 2.3 million facial images, reporting more than 190 suspected faces. Police made a second check and confirmed 25 of them were escaped criminals.

With the help of facial recognition technology, police also seized 19 drug addicts, caught five pickpockets on the spot and drove away 32 with prior pickpocketing records.

"It was the first time that we used a facial recognition system in such a big event and a total of 18 high-definition cameras were installed at four entrances at the beer festival," said Wang Jianshun, director of the police branch.

NUMBERS

\$75 billion

Revenue from China's kindergarten to grade 12 after-school tutoring market in 2016 (Photo 4)

\$30 billion

Expected market scale of online education in China by 2018

23 percent

BRICS bloc's share of the global economy in GDP terms

\$1.11 trillion

The total balance of China's social security funds by the end of June

Quote:



Connecting the Games with the internet to lure young people, that is what our technology can do."

Jack Ma, Alibaba Group's founder and chairman, on using his company's internet technologies to attract young fans to the Olympic Games (Photo 5)



Mohe county in Northeast China's Heilongjiang province, was hit by an early snowfall on Monday, 37 days earlier than last year. PROVIDED TO CHINA DAILY

BREATHING LIFE INTO RELICS

A new TV show will feature three cultural relics from each of the nine most important museums in China. **Wang Kaihao** reports.

An upcoming variety show on China Central Television will bring together 27 Chinese "stars". But they are not people.

Last week, the national TV station said that it will release *National Treasure* toward the end of 2017.

The show will feature three cultural relics from each of the nine most important museums in the country and reveal behind-the-scenes stories about them.

For example, film stars and other celebrities will be used to talk about the legends surrounding the artifacts. And, more such techniques from variety shows will be used in the program, says Yu Lei, chief producer of *National Treasure*.

But Yu says there are more surprises in store.

"We want to make the cultural relics look like people who have gone through the vicissitudes of life," she says.

"They have life and character. And, they represent the Chinese spirit and values."

Yu says that viewers will feel an emotional connection with the relics.



"We won't deliberately create drama for the show or treat the relics lightly."

Shan Jixiang, director, Palace Museum

The Palace Museum in Beijing, also known as the Forbidden City, is the flagship museum. As China's imperial palace from 1420 to 1911, the institution houses more than 1.86 million cultural relics, and Shan Jixiang, director of

the museum, says that it will be a challenge to choose just three items from its collection.

"It will be a tough decision," says Shan.

"The choices have to have historical, artistic and scientific significance," Shan says.

"But we won't deliberately create drama for the show or treat the relics lightly," he says. "The show is not going to mislead viewers."

The other eight institutions are all key provincial-level museums: Shanghai Museum, Nanjing Museum, Shaanxi History Museum, Henan Museum, and Zhejiang, Hubei, Hunan and Liaoning provincial museums.

All the museums have their own specialities.

For instance, Nanjing Museum, which is China's first national-level comprehensive museum from the time of Kuomintang rule, has an extensive collection.

The Shaanxi History Museum, which is located in Xi'an, known as the global metropolis Chang'an in ancient times, has relics from the Han (202 BC-220 AD) and Tang (618-907) dynasties, two peaks in

the country's imperial history.

Hubei Provincial Museum is known for its collection from crucial archaeological discoveries. It houses bronze musical instruments like the *bianzhong*, or chime bells, found in the tomb of high official Marquis Yi of Zeng, dating back 2,500 years.

Shan says that the nine museums have also worked to bring diversity to the national treasures chosen.

Though the list of the 27 treasures remains confidential, there are some clues about the choices.

For instance, there are at least two bronze pieces: the Minfanglei, a wine holder from the Hunan Provincial Museum dating back to the late Shang Dynasty (16th century to 1046 BC), whose body was once lost and then found in the United States, and the Dake Ding from the Shanghai Museum, an item used for ancestor worship in the late Western Zhou Dynasty (1046 to 771 BC).

"If the viewers' response is good we will consider organizing an exhibition at the nine museums to exhibit the 27 items," says Shan.

According to producer Yu,



The wine vessel Minfanglei was obtained by Hunan Provincial Museum in 2014 after being lost overseas for nearly a century. PROVIDED TO CHINA DAILY

National Treasure will run for more than one season.

And, she also plans to include Chinese artifacts housed in overseas museums in the future seasons.

Liu Wentao, deputy director of Nanjing Museum, says: "Museums are now a part of the lifestyles of the young," adding that nearly 70 percent of visitors to the museum are younger than 40.

Nanjing Museum is also known for its early adaption of digital technology to attract the younger generations.

"It is an inevitable trend for museums to become fashionable," she says adding that she has high expectations for the

upcoming show.

Last year, *Masters in the Forbidden City*, a three-episode documentary on cultural relic restorers in the Palace Museum, went viral. It was then edited into a feature-length film to be released in cinemas.

Shan also says that as many as 15,000 people applied for cultural restorer positions in the museum in 2016, following the screening of the documentary.

"There's a stereotype that young people only like shows on romance or entertainment. But the documentary proves the vitality of programs with cultural depth," Shan says.

Zhu Tong, deputy editor-in-chief of CCTV, says that it is

not surprising that TV variety shows in China now also reflect traditional culture.

Earlier this year, *Reader*, a CCTV variety show, which became a buzzword, invited celebrities, entrepreneurs and even ordinary people to read chapters from classics that reflected their values or views.

"Its success strengthened our confidence to give more voice to our culture," says Zhu.

"Cultural programs on TV need a new direction. And museums can take them in a new direction," says Zhu.

Contact the writer at wangkaihao@chinadaily.com.cn

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杨颖 Angelababy

Exciting start to Venice festival

VENICE — The 74th Venice film festival opened on Wednesday with Alexander Payne's sci-fi satire *Downsizing* in the opening slot that is increasingly coveted as a launchpad for the Oscars.

Starring Matt Damon and Kristen Wiig, *Sideways* director Payne's latest quirky creation is a tale of a lower middle-class couple in the US Midwest. But the new film's title is not a reference to job losses or selling off the family house. Instead the pair are considering signing up for radical new surgery that would help them become tiny versions of themselves, on the promise of a better life.

Written by Payne, a two-time Oscar winner for his screenplays, and Jim Taylor, the film will be seeking to emulate the success of *La La Land*, *Birdman* and *Gravity* — all Venice openers in recent years that went on to bag the Oscars and other prizes. Whether it does is likely to depend on how critics react to the film's intriguing plot, which Variety described as "Honey I Shrunk the Kids with a deeper social message".



George Clooney, director of *Suburbicon*. AP

Also being unveiled on the opening day is *Nico*, a bio-pic focusing on the final years of the Velvet Underground singer and Andy Warhol muse that is being shown in the festival's *Horizons* section dedicated to cutting-edge productions.

Directed by Susanna Nicchiarelli, with Danish actress Trine Dyrholm in the lead role, the story catches up with one of 1970s New York's iconic figures in 1987 and 1988, the last two years of her life. It finds her battling a heroin habit but also finding fulfillment through her music and her relationship with her son.

Downsizing is one of 21 films competing for Venice's top prize, the Golden Lion, which will be handed out on Sept 9, along with a string of other awards.

As usual the international film lineup at Venice ranges from big-budget Hollywood productions, including George Clooney's sixth directorial outing, *Suburbicon*, to new works by indie favorites Andrew Haigh and Warwick Thornton. In total, 71 new full-length films will be shown over the next 10 days, along with 16 short films and two TV series.

Spanish superstar duo Javier Bardem and Penelope Cruz team up again for a new drama about Pablo Escobar, *Loving Pablo*, in which Bardem plays the Colombian drug baron and Cruz his long-term mistress.

Bardem is also to be seen playing opposite Jennifer Lawrence in *Mother!*, a new film by *Black Swan* director Darren Aronofsky, that is one of several thrillers vying for honors.

Another spine-chiller features Ethan Hawke in Paul Schrader's *First Reformed*, which turns around a dark secret harbored by members of a church who are tormented by the deaths of loved ones.

AGENCE FRANCE-PRESSE

THE TRANSFORMERS

Chinese fans of special effects eagerly await the latest in the Planet of the Apes series. Xu Fan reports.

Software-created on-screen magic has reached a new level with the sci-fi movie *War for the Planet of the Apes*. In clips of the new franchise movie, recently released by 20th Century Fox at a Beijing event, most viewers were amazed to see actor Andy Serkis' seamless transformation into Caesar, the story's leader of the apes.

When Serkis performs as an orangutan, he wears skin-tight clothing and his movements as well as emotions are captured with the help of sensors, making his act life-like. Though special effects have become a must-have for most big Hollywood movies, this film's behind-the-scenes footage still enthralled Chinese viewers.

"The scenes look incredibly realistic," says Lu Chuan, a Chinese film director who attended the event.

The third installment of the studio franchise the Planet of the Apes will hit Chinese mainland theaters on Sept 15, two months after its North American release.

In the new tale, Caesar and the other apes are forced into a war against a ruthless colonel and his soldiers. To avenge the murder of his wife and son, and rescue his captive fellow primates, Caesar embarks on a tough journey. So far, the movie is listed as one of the most anticipated films in September, according to the movie news portal mtime.com.

Anders Langlands, the visual effects supervisor of Weta Digital, a top company in the field from New Zealand, talks about how human actors are turned into primate fighters on screen.

"We spent a lot of time observing apes. A huge part of our job is just observing," says Langlands, who led the visual effects teams for *X-Men: Days of Future Past* and *The Martian*.

As the major characters in *War for the Planet of the Apes* are chimpanzees, artists of Weta Digital researched the animals' physical characteristics, moves and behavior. They used X-ray photos of some chimpanzees to get details about their skeleton and learn about their skin textures.

With nearly 1,000 people from Weta involved in the movie, the majority of the film was shot with visual effects. For the most complicated parts, more than 400 artists worked at the same time.

The hair on an ape's body was processed by software to ensure that changes in the environment, such as snow or bonfire light, are shown on the skin.



War for the Planet of the Apes will hit Chinese mainland theaters on Sept 15. Chinese director Lu Chuan and Anders Langlands, the visual effects supervisor of the movie, attend a Beijing event to promote the sci-fi movie. PHOTOS PROVIDED TO CHINA DAILY



"In this film, we see Caesar go from just being a leader to people into being a legend in the ape world. So the film takes on a much grander scope because it becomes sort of an epic mythical journey," says Langlands.

One of his favorite characters is Bad Ape, an intelligent quiet chimpanzee who fled from a zoo.

"Bad Ape is such a different character... He is so charming and he brings (out) very human and very innocent, curious qualities that the

audience can identify with," he says.

"When all of your main characters in the movie are digital, it requires a very close collaboration between the director and the visual effects people to bring that to life."

US filmmaker Matt Reeves again directs this installment after he directed the *Dawn of the Planet of the Apes* (2014).

Meanwhile, for China, where the movie industry has taken off only in the past decade, achieving world-class special effects in domestic

productions is an aspiration.

Xu Fei, the founder of Illumina, a Beijing-based special-effects studio, says, "The major problem is that most directors and producers don't know how to make such a movie. It needs imagination and a lot of pre-production communication."

But for some Chinese directors, a shortage of performing talent is the bigger problem.

Lu, the director of the effects-studded movie *Chronicles of the Ghostly Tribe* (2015), says it's difficult to persuade

Chinese stars to play unconventional roles like the leader of apes, as they want their faces to be recognized by fans on the big screen only in mainstream roles.

"In *Chronicles of the Ghostly Tribe*, for example, I had to play the monsters myself," he says, adding that it did save him some time and money.

Li Yingxue contributed to the story.

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We spent a lot of time observing apes. A huge part of our job is just observing."

Anders Langlands, visual effects supervisor, Weta Digital

Wong Jing returns to comfort zone with new gangster film



"I have faith that such movies with Hong Kong flavor won't vanish from the big screen."

Wong Jing, filmmaker, speaks of Hong Kong gangster movies

By XU FAN

Wong Jing is a prominent figure in Hong Kong cinema. He has directed, penned and produced more than 100 films.

But in recent years, he has been in the news mostly for directing mainland productions such as the hit franchise *The Man from Macao*.

With *Color of the Game*, a thriller set to open across China on Friday, Wong will again be seen in his familiar zone of making films about gangsters in Hong Kong. The latest in the Color series has elements typical of such films: brotherhood, slums and street fights. The earlier films are *Color of the Truth* (2003) and *Color of Loyalty* (2005).

Starring Simon Yam and Jordan Chan, the Hong Kong actors known for their roles in gangster classics, *Color of the Game* is about a gang whose members get trapped in a conspiracy, pushing them to desperation.

The protagonists wear white clothes in the film, which Wong calls a "tribute to the cinematic art of violent aesthetics" created by Chang Cheh, a late master of Hong Kong cinema.

"I was fascinated with Cheh's movies when I was young. Most of his martial arts heroes wear white robes on screen, making it a sort of a symbol of top fighters," Wong, 62, said at a Beijing preview last week.

Wong is the movie's main producer.

In one of the film's funny scenes, a hooligan played by veteran Hong Kong actor Suet Lam is seen continuously eating rice to dodge questions from those whom he has betrayed.

"He fears answering the questions. If he opens his mouth to speak, it may get him and his family killed," Wong says.

The film is also a survival tale of people on the city's



Color of the Game is the latest gangster movie produced by Wong Jing. PHOTOS PROVIDED TO CHINA DAILY

edges, not just a simple cat-and-mouse game between police and criminals, Wong says.

Hong Kong gangster movies helped establish a few actors in Hollywood once and inspired such films in the

United States, but the genre has seen a decline over the past decade.

"It is a part of world cinema. I have faith that such movies with Hong Kong flavor won't vanish from the big screen," Wong says.

The film's characters speak Cantonese but it has been dubbed in Mandarin for the mainland market.

At a time when the Hong Kong film industry is facing a shortage of performers, directors and scriptwriters, Wong says he will focus on training new talent.

"I will reduce my directorial work on account of health, but help youngsters realize their dreams in cinema," he says.

And, *Color of the Game* does just that. While Wong has produced the film, he has helped younger filmmaker Kam Ka-wai direct it.

But the film will likely face some competition in the mainland market.

Thanks to the rapidly expanding industry, mainland filmmakers have shown growing interest in producing crime movies. *Guilty of Mind*, which is about a psychologist and a cop working together to hunt a serial killer, will also be released in September.

EDITORIAL

'Strategic assets' plan will add fuel to peninsula fire

Reactions to the Democratic People's Republic of Korea's latest provocation have followed the age-old script:

Pyongyang insisted it was exercising its legitimate right to "self-defense" by firing a ballistic missile over Japan on Tuesday. For the United States, the Republic of Korea, and Japan in particular, it was an exceedingly provocative gesture not seen in almost a decade. So much so that Japan activated its J-Alert system in northern areas, conducted drills to test its anti-ballistic missile system PAC-3; ROK President Moon Jae-in personally ordered live fire drills to exhibit his country's "overwhelming" fire power, with an officer counter-threatening the DPRK leadership with "extermination"; and US President Donald Trump repeated his previous warning that "all options are on the table".

Despite the widespread condemnations, from the United Nations, Japan, the ROK, the US, China, Russia and other countries, the DPRK appears defiant as ever, threatening to fire more missiles into the Pacific.

The story has been unfolding in exactly the same way as on each past occasion, and the outcome seems set to be the same: Pyongyang and its critics continuing wrangling over the chicken or the egg causality dilemma, with the former refusing to give up its nuclear pursuit and the latter remaining hopelessly divided over what to do.

If Pyongyang's latest provocation has exposed the helplessness of the international coalition against its nuclear and missile programs, the worst may be yet to come.

One fundamental reason for the international community's inability to curb the DPRK's dangerous adventure has been the contradictory agendas of those that ostensibly have a shared interest in denuclearizing the Korean Peninsula. If the Terminal High Altitude Area Defense anti-missile system is the first wedge driving the fragile coalition apart, another, more damaging one seems on its way as Seoul and Washington reportedly engage in talks on deploying additional "strategic assets" on the ROK's soil. Seoul has already confirmed corresponding talks between ROK and US militaries.

Pyongyang's continuous provocations may serve as a catalyst for the potential deployment of additional but controversial and divisive "strategic assets". But like THAAD, US strategic weapons can do little to prevent the feared civilian losses when a war with the DPRK breaks out. However, they can seriously undermine the precious, though already weak, global consensus on the denuclearization of the peninsula, as combined with THAAD, they will constitute a potential, substantial threat to Chinese and Russian national security, and inevitably invite strong reactions from both.

When that day comes, Pyongyang's nuclear/missile programs may turn out to be of secondary concern to the world.

TO THE POINT

Real economy boosts yuan

With the onshore yuan-dollar exchange rate breaking through the 6.60 mark on Monday, the first time since June last year, and the offshore rate also approaching 6.60, the Chinese currency has been steadily appreciating against the greenback — up by nearly 5 percent since January.

The rising yuan has reduced the spending of Chinese tourists and students abroad but has lowered export enterprises' profit margin.

The fact that US Federal Reserve Chairwoman Janet Yellen stressed the importance of only financial supervision, without mentioning monetary policy, at a Fed meeting last week might have put more downward pressure on the dollar. But the yuan has been appreciating for more than one year also because of the continuous improvement in China's economic fundamentals — for instance, stabilizing macroeconomic growth and increasing profit margins of industrial enterprises.

Besides, the financial supervisory departments' successful preventive and risk control measures to rein in several "gray rhinos" — or obvious dangers that are often ignored such as shadow banking, illegal fund raising and capital outflow — have also played a role in the yuan's appreciation. "Gray rhinos" undermine China's efforts to restructure the economy, and hinder the development of the real economy.

Since the supervisory measures for the banking, securities and insurance sectors have regulated the development of the financial industry, financial agencies have shifted their focus to meeting the needs of the real economy.

Although after the large-scale capital outflow was checked, China's foreign exchange reserves and the yuan's exchange rate both recovered steadily, that does not mean the risks have disappeared.

As the Fed is likely to continue raising the interest rate, the downward pressure on the yuan will build up again and prompt some of the "gray rhinos" to make a comeback. To prevent that from happening, the financial market should continue to help the real economy maintain healthy growth, which in turn will stabilize the yuan's exchange rate in the long run.

— BEIJING YOUTH DAILY



OPINION LINE

Local government planners cannot guarantee revival of Jilin economy

A RESEARCH TEAM led by Justin Yifu Lin, an economist at Peking University and former senior vice-president of the World Bank, has suggested Northeast China's Jilin province, a heavy industry base since the 1930s, shift focus to developing light industry. Beijing News comments:

Lin's team has drafted a report for the Jilin provincial government, which says Jilin has great potential and comparative advantage in developing light industry, and urges it to improve the infrastructure related to light industry and to lower transaction costs.

The report's analysis does not seem to support its conclusion, though, because it is difficult to say whether a place enjoys comparative advantage in developing certain types of industries before it actually develops them. The report draws its conclusion by citing only the labor cost, per capita GDP and workers' population in the province, and the share of light industry in its economy, which are not the only practical factors investors would consider before investing money in the province.

Besides, the provincial government is the source of most of the data, which many suspect might have

been altered to hide Jilin's economic decline.

The main players in China's light industry are mostly private enterprises, which are extremely sensitive to the production cost and business environment. And most competitive light industries are concentrated in the coastal provinces, such as Jiangsu, Zhejiang, Fujian and Guangdong.

If Jilin cannot reduce its production and transaction costs, and improve its business environment, which caused the decline of its heavy industry, it will be very difficult for it to develop light industries.

To restructure its economy, Jilin does not have to go to the other extreme of prioritizing the development of light industry. To embrace market economy the local governments at various levels in Jilin have to first redefine their role as almighty economic planners.

Commercial stunts not part of sharing economy

THE BOOMING SHARING ECONOMY has extended to liquefied natural gas tanks, which can be "shared" by residents in Hefei, East China's Anhui province, by scanning the quick response code on the tank. The tanks are delivered by appointment online. China Youth Daily commented on Wednesday:

The struggle of most "sharing" business operators to make profits does not seem to bother some people, as capital has been pouring into not just the transportation sector but also many unorthodox businesses, from umbrellas and basketballs to gas tanks. In Beijing, even "shared" folding stools have been offered to people for free and without registering or paying any deposit, a promotional stunt to lure people to subscribe to the WeChat accounts of certain companies.

Bizarre innovations such as these are blurring the boundaries between genuine sharing economy and copycat businesses, which are a lot like short-term hire-on-demand services that are basically about lending idle items or services to those in need in exchange for financial gains, of course, through a third-party platform, be it a company or govern-

ment organization. But the exchange of shared goods should be confined to those that do not come with extra costs, for example, a temporarily vacant room.

In other words, what many so-called sharing business operators provide is just online renting at the cost of consumer surplus, with consumers gaining or saving money because they can buy a product for a price lower than the highest they would be willing to pay.

Didi's *shunfengche*, or "hitchhiking" project, allows one to pay far less than taking a taxi for inter-city travel without generating any extra cost for either the passenger or the driver. This manifests a tested mode of sharing economy, not some stunts that would end up with colossal waste of resources.

Charities could do better with transparency

ON TUESDAY, internet giant Tencent Inc organized a charity activity that allowed people to buy a drawing online for any price higher than 1 yuan (\$ 0.15). All the drawings were made by people with autism, cerebral palsy or dysgnosia and the money raised will be used to help them. The activity attracted millions of people, yet some doubt whether the money collected will be spent effectively. Thepaper.cn comments:

Tencent said its objective was to raise 15 million yuan, which it did within hours. The number of participants exceeded 1 million within half an hour, which suggests the charity activity was a huge success.

However, some have raised doubts over the effectiveness of the plan, a typical one being: How will the money collected be spent? If a person clicks and buys a drawing, he or she will not find any link to get a clear idea about where the money will go. There is only one sentence in small-print: "We will help the patients enjoy art with the money."

Besides, there is only one obscure link to World of Art Brut Culture, which claims to be the organizer of the activity. Yet WABC fails to explain how the money would be spent. It only claims to have helped more than 1,000 people with disabilities find peace in art, which is quite vague.

This is not to say somebody might misuse the money collected. But charity organizations are obliged to clearly list how the money they collect will be spent. Researchers have long argued that despite growing at a fast pace, China's charity sector lags far behind those in some countries in terms of transparency. Data show only 8 percent of the Chinese population has made charity donations — the figure will certainly rise with greater transparency.

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HOT WORDS

Main functional area

主体功能区
(zhǔtǐ gōngnéngqū)

The 38th meeting of the Central Leading Group for Comprehensively Deepening Reform, presided by President Xi Jinping on Tuesday, approved a document aimed at improving the system and strategy for main functional area. The concept of main functional area is regional in nature and is defined by an area's specific, core function based on its environment, social and econom-

ic strength, and development potential. The idea is to ensure different main functional areas cooperate and collaborate with each other to achieve joint development and prosperity.

In 2013, the National Development and Reform Commission, China's top economic planning body, issued a document on implementing the main functional area strategy and promoting the construction of main functional areas. And Tuesday's meeting emphasized that the main functional area construction is a big strategy for economic development and environmental protection.

In the next stage, the focus should be on improving the main functional area strategy

and system, allowing main functional areas to help develop and protect land, implementing the main functional area strategy at the city and county levels, and improving the long-term mechanism of differential coordinated development of main functional areas. And systemic reform and legal construction should be expedited to lay a solid foundation for the development and protection of land in China.



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Stephen S. Roach

China-phobic US in codependency trap

Seemingly at odds with the world, US President Donald Trump has once again raised the possibility of a trade conflict with China. On Aug 14, he instructed the US Trade Representative to investigate whether China has infringed intellectual property rights. By framing this effort under Section 301 of the United States Trade Act of 1974, the Trump administration could impose high and wide-spread tariffs on Chinese imports.

This development could have far-reaching consequences. While there may be merit to the allegations, as documented in the latest "USTR Report to Congress on China's WTO Compliance", punitive action would have serious consequences for US businesses and consumers. Like it or not, that is an inevitable result of the deeply entrenched codependent relationship between the world's two largest economies.

But in a trade conflict, it is important to think about reciprocity — specifically, China's response to a US action. That was precisely the point made by China's Ministry of Commerce in its official response to Trump's gambit. China, the ministry vowed, would "take all appropriate measures to resolutely safeguard its legitimate rights".

Caught up in the bluster of the US accusations against China, little attention is being paid to the potential consequences of Chinese retaliation.

First, imposing tariffs on imports of Chinese goods and services would be the functional equivalent of a tax rise on US consumers. Chinese producers' unit labor costs are less than one-fifth of the US' other major foreign suppliers. By diverting US

demand away from Chinese trade, the costs of imported goods would undoubtedly rise sharply. The possibility of higher import prices and potential spillover effects on underlying inflation would hit middle-class US workers, who have faced more than three decades of real wage stagnation, especially hard.

Second, trade actions against China could lead to higher US interest rates. Foreigners own about 30 percent of all US Treasury securities, with the latest official data putting Chinese ownership at \$1.15 trillion in June — fully 19 percent of foreign holdings and slightly higher than Japan's \$1.09 trillion.

In the event of new US tariffs, it seems reasonable to expect China to respond by reducing such purchases, reinforcing a strategy of asset diversification away from US dollar-based assets that has been underway for the past three years. In an era of still-large US budget deficits — likely to go even higher in the aftermath of the Trump administration's tax cuts and spending initiatives — the lack of demand for Treasuries by the largest foreign owner could well put upward pressure on borrowing costs.

And third, with growth in US domestic demand still depressed, US companies need to rely more on external demand. Yet the Trump administration seems all but oblivious to this component of the growth calculus. It is threatening trade sanctions not only against China — the US' third-largest and fastest-growing major export market — but also against North American Free

Trade Agreement partners Canada and Mexico (the US' largest and second-largest export markets). As the reactive pathology of codependency would suggest, none of these countries can be expected to acquiesce to such measures without curtailing US access to their markets — a counter-response that could severely undermine the manufacturing revival that seems so central to the Trump presidency's promise to "Make America Great Again".

In the end, China's economic leverage over the US is largely the result of low US domestic savings. In the first quarter of this year, the so-called net national savings rate — the combined depreciation-adjusted savings of businesses, households and the government sector — stood at just 1.9 percent of national income, well below the longer-term average of 6.3 percent recorded during the final three decades of the 20th century. Lacking in savings and wanting to consume and grow, the US must import surplus savings from abroad to close the gap, forcing it to run massive cur-

rent account and trade deficits with countries such as China to attract foreign capital.

It is sheer political chicanery on the part of the US to single out China, its NAFTA partners, or even Germany as the culprit for its savings-short economy. Fostering policies that encourage an economy to squander its savings and live beyond its means makes trade deficits a given — as are the seemingly unfair trading practices that may come with this Faustian bargain for foreign capital.

The US had trade deficits with 101 countries last year — a multi-lateral external imbalance rooted in the US' chronic domestic savings problem. The fix for this problem cannot be made in China. Ironically, with the Trump administration's policies likely to lead to larger budget deficits that put national savings under additional downward pressure, the need for Chinese and other for-

eign capital will actually intensify and the codependency trap will only close more tightly.

The US does not hold the trump card in its economic relationship with China. The Trump administration can certainly put pressure on China, and, on one level, there may well be good reason to do so. But deep questions concerning the consequences of such pressure have been all but ignored. Getting tough on China while ignoring those consequences could be a blunder of epic proportions.

The author, a faculty member at Yale University and former chairman of Morgan Stanley Asia, is the author of *Unbalanced: The Codependency of America and China*. Project Syndicate



ZHAI HAIJUN / FOR CHINA DAILY

Chen Kangling

Beijing ready to share governance experiences

China assumed the BRICS' chair on Jan 1, and will play host to the upcoming 9th BRICS Summit. The year of China's chairmanship also marks the beginning of the second decade of BRICS cooperation.

For the city of Xiamen in East China's Fujian province, this year is one of "double happiness", as it will host the BRICS Summit less than two months after its Gulangyu Island was declared a World Heritage Site by UNESCO.

We earnestly hope that BRICS cooperation will bring us good luck. But only good luck is not enough to achieve success; it needs great efforts, too. And true to their word, China and other member states have lent firm support to BRICS to not only strengthen its structure but also to help it deliver vigorous, better results. As Foreign Minister Wang Yi said at a news conference during the BRICS foreign ministers' meeting in Beijing in

June, the BRICS cooperation mechanism, beating the odds, has shown strong vitality during the past 10 years.

Among the endeavors BRICS has undertaken in recent years is one to make the global financial system fairer, so that it can help developing countries overcome their development challenges and boost their economic growth. And to help such countries meet their financial needs, BRICS established the Contingent Reserve Arrangement with an initial capital of \$100 billion in 2014, the New Development Bank in Shanghai in 2015, and the NDB's African Regional Centre in Johannesburg early this month.

Despite the challenging anti-globalization trend in some major economies, Brazil, Russia, India, China and South Africa have propelled the world economy forward. Together, the five countries accounted for nearly a quarter of the global GDP and contributed more than half of

BRICS members are expected to have a greater impact on the legitimacy, credibility and effectiveness of global governance.

global growth last year. Their different national conditions, development models and cultures have not prevented the BRICS member states from drawing upon their strengths to engage in cooperation. This has prompted the idea of "BRICS Plus", that is, inviting more developing and emerging countries to join the grouping and

expand its reach and influence.

During the BRICS Seminar on Governance in Quanzhou, Fujian province, on Aug 17-18, many academics and business leaders from developing countries exchanged ideas on governance. Zhang Weiwei, director of the China Institute of Fudan University, who chaired a panel discussion on "increasing communication for cultural prosperity", said the panelists reached a consensus that every country should be free to choose its own governance mechanism and style, and that China has established a governance system that suits its national conditions.

The panelists also said BRICS is confident of better reflecting the common interests and collective will of the developing countries in fields such as finance, business and education.

According to collective Chinese wisdom, "seeking common ground while reserving differences" is a harmonious way of bal-

ancing diversity and unity. This principle has been a feature of China's history and culture. In the same spirit, China is willing to share its experiences in governance and reform, which have helped it propel economic growth, both at the domestic and global levels, in order to deepen cooperation with other BRICS members and developing countries, and promote confidence building.

BRICS members are expected to have a greater impact on the legitimacy, credibility and effectiveness of global governance. And they will take more measures to safeguard the interests and benefits of all developing countries and emerging market economies, and give them a greater say in world affairs so as to maintain peace and stability, and boost development across the world.

The author is assistant director of the China Institute, Fudan University.

Renato Baumann

BRICS evolving for a stronger partnership

The 9th BRICS Summit, which opens in Xiamen, East China's Fujian province, within a week, is being held at a time when the group's circumstances and the international situation both are quite different from those in 2009, when the BRIC grouping officially came into being in Yekaterinburg, Russia.

The creation of the group was almost a "natural" phenomenon in the sense that by 2009 the four economies — Brazil, Russia, India and China — contributed most of the dynamism to the global economy, and thus they were obliged to seek mechanisms to increase their say in global governance. To achieve the objective, the four countries had to increase their degree of mutual knowledge so as to identify and consolidate common purposes and goals. This is reflected in the systematic increase in the number of articles in the Summit Declarations after the first one. The cost of

such an approach is a less easily identifiable common target, as the number of objectives has increased quite significantly.

Furthermore, the performance of the five economies in recent years pales in significance compared with their achievements in the late 2000s, except perhaps India's. China is growing at about half the pace it used to, and the other three BRICS member states have been experiencing very low GDP growth for the past few years. This has reinforced the skepticism among those observers who have always seen the group as a collective of countries with diverse interests and purposes.

Notwithstanding these adverse internal conditions, the group has evolved in several ways. The degree of mutual knowledge and understanding among the five countries is much deeper today than in 2009, even though there is still a long way to go before they achieve, for instance, fluent exchange of basic data that might allow for comparative analyses.

The degree of mutual knowledge and understanding among the five countries is much deeper today than in 2009 ...

The group has also taken two significant steps with the establishment of the Contingent Reserve Arrangement and the New Development Bank, which reflect a number of specific sector agreements and joint initiatives.

On the global front, several of the conflicts mentioned in previous Summit Declarations remain alive, media headlines often refer to threatening speeches made by some heads of state or govern-

ment and a number of restrictive conditions have been imposed on some countries, even BRICS members.

This means there is a risk that the political dimension might gain momentum among BRICS member states. This is worrying, to the extent that the initial motivation that led to the creation of the group was essentially economic, even though it implied political movement within the economic and institutional realm. It is not clear, though, whether the present relations among the five members are strong enough to allow for a common alignment with regard to each other's conflicts with third parties.

This is essentially the background against which the Xiamen summit will be held under the theme of "A Stronger Partnership for a Brighter Future", which requires economic partnership, sustainable development and an open economy approach.

It remains to be seen whether important, sensitive issues such

as intra-group trade facilitation (not only less paperwork, but actual reduction of barriers) and technology transfer will be considered this time.

From Brazil's perspective, there is a positive feeling in that a number of agreements will be signed with China, and the two heads of state will agree to take specific measures to deepen bilateral relations. This is what often follows such high-level meetings.

But in the specific case of Brazil-China relations, it is also expected that — given the importance of the bilateral relationship for both countries — the two governments will make sincere efforts to translate this recognition into actual, more fluent bureaucratic procedures, and project the new status of their relationship in more explicit ways.

The author is Deputy Secretary of International Affairs at the Ministry of Planning, Brazil and professor at the Universidade de Brasília.



Zhao Huanxin

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Are bomb shelters the only option to escape a nuclear war?

US President Donald Trump warned on Tuesday that "all options" are again on the table after Pyongyang tested a ballistic missile, this time a rare firing of a projectile over Japan.

The new missile test has triggered consternation on the ground, causing sirens to blare in Japanese towns, stocks to dip on Wall Street, and diplomats from Seoul, Beijing and Moscow to call for either further sanctions or more restraints.

But what can the average citizen do under the apocalyptic threat of a missile or nuclear war? Among a myriad of answers, the headline of a news story caught my attention: "Bomb shelter business booms as Trump and North Korea posture".

The escalation of tensions on the Korean Peninsula has raised the specter of a nuclear attack, which has given rise to the bomb shelter business in the US and elsewhere, according to a report from McClatchy news agency in Washington.

Ron Hubbard, president of Atlas Survival Shelters in Montebello, California, which produces what it touts as the "only bunkers tested against the effects of a nuclear bomb", said he expects to sell at least "1,000 big bomb shelters and tornado shelters combined" this year compared with 10 bomb shelters in 2011.

"The rise in shelters (sales and inquiries) has increased in both America and Japan", Hubbard said on Tuesday, adding that there were no customers in China but a few inquiries from the Republic of Korea.

Another company, Rising S Bunkers in Murchison, Texas, has sold 67 bomb shelters this year, mostly to Japan, compared with just nine last year, according to the McClatchy report on Sunday.

Let us forget the bomb shelters for now, and go all out to prevent man-made disasters.

Hubbard may be right to claim that "shelters are the only solution to the crisis and there is nothing else a person can do except taking shelter if a bomb comes in". But the question is not only how many people can afford the luxury, or how many such bunkers would be enough.

The root cause of the war rhetoric of the leaderships, the panic among the masses, and the impulse for some to own a shelter, is that we have seen a cycle of endless nuclear tests, missile launches and military drills.

Each party has its own legitimate security concerns. Pyongyang vows to never give up its weapons programs, or take "tough counter-measures" against hostility from the United States and its allies, particularly the ongoing annual US-ROK military drills.

On Tuesday, US Ambassador to the United Nations Nikki Haley said that "enough is enough", while Russia's ambassador to the UN Vassily Nebenzia said, "It's troubling, because tensions are high and whose nerves are stronger, we don't know."

Beijing has proposed "dual suspension" — Pyongyang suspends its nuclear and missile activities and the US and the ROK suspend their big military drills. The proposal accommodates the legitimate security concerns of all parties, serves to draw them back to the negotiating table and seek a balanced resolution, while ensuring long-term peace and stability on the peninsula.

The Chinese initiative should, therefore, be taken seriously by all parties.

Hours after Pyongyang test-fired the latest missile, Foreign Ministry spokesperson Hua Chunying said at a regular news briefing, "I suggest you think about the scenario when China calls for restraint, calmness and dialogue, while directly concerned parties keep conducting military exercises and ratcheting up military pressure, against the background of flying missiles launched by another party."

"Then, who should take the blame and who should do more?" Hua asked.

The US is now grappling with and recovering from the devastating effects of Hurricane Harvey, which killed at least 11 people and paralyzed Houston. The fourth most-populous US city has opened more megashelters to house flooded families.

Let us forget the bomb shelters for now, and go all out to prevent man-made disasters.

BUSINESS

中国日报 CHINA DAILY CANADA » CHINADAILYUSA.COM



A man with a baby carriage walks past an outlet of Industrial and Commercial Bank of China in Beijing. PROVIDED TO CHINA DAILY

Lenders see prospects from retail banking

Banks should realize that reshuffle of industry will come soon, says expert

By JIANG XUEQING
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Many commercial banks in China have highlighted retail banking as a business transformation strategy as they faced challenges from the booming fintech sector and tightening financial risk regulation in the first half of 2017, according to their interim results announcements.

For Bank of China Ltd, the fourth-largest commercial lender by assets in China, personal banking contributed 40.2 percent of its comprehensive income related to domestic commercial banking, up 30 basis points from the same period last year. Among new domestic yuan loans totaling 460 billion yuan (\$70 billion), personal loans accounted for 58 percent.

460
billion yuan

new domestic yuan loans of Bank of China Ltd

Liu Qiang, executive vice-president of BOC, said: "Among various banking businesses, personal banking requires less capital and plays a significant role in hedging against economic cycles."

"We'll deepen our reform of personal banking by building a personal banking product system, developing the cross-channel coordination ability, and making greater efforts to acquire customers."

The BOC is not alone in further implementing a retail banking strategy. The number

of personal clients of the Industrial and Commercial Bank of China Ltd, the nation's largest commercial lender by assets, increased by 16.86 million in the first half, and its personal financial assets totaled 12.67 trillion yuan. ICBC's net profit rose 2 percent year-on-year to 153.7 billion yuan.

China CITIC Bank Corp Ltd also devoted a larger part of its credit resources to retail banking. During the first six months of this year, the Beijing-based national joint-stock commercial lender recorded incremental loans worth 213.17 billion yuan, of which 82 percent were personal loans. Retail banking accounted for 31 percent of its operating income during the period, up from 25 percent a year ago.

Wu Qing, director of the comprehensive research office of the Research Institute of Finance at the Development Research Center of the State Council, said: "The gap in financial performance has enlarged among commercial banks."

"Although some expanded rapidly by almost 30 percent in regard to total assets, more banks posted single-digit growth in net profit. This should raise the alarm, making all senior banking executives, especially the chairperson of each bank, realize that a reshuffle of the banking industry will soon take place. They have to further maximize their own bank's advantages to find their niche market. For those banks that lack core competence or whose core competence is diminishing, their outlook will be gloomy even though some of them still have a large market share for now," Wu added.

E-commerce pulls BRICS closer

By HE WEI in Shanghai
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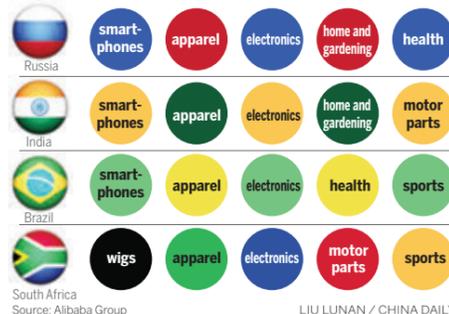
E-commerce is set to prosper among the BRICS countries and become a major link connecting their residents, according to a report by Alibaba Group Holding Ltd.

By 2022, gross merchandise volume generated via online shopping portals will skyrocket 340 percent from last year to reach \$3 trillion in Brazil, Russia, India, China and South Africa, the research arm of the world's largest e-commerce platform, Alibaba, said in a report released on Tuesday.

That figure would represent 59 percent of global e-commerce transaction value in five years, up from 41.8 percent a year ago, according to AliResearch.

Meanwhile, the number of online shoppers is projected to nearly double from 720 million last year to 1.35 billion in 2022. That means an expanded share of total online shoppers from 47.2

Popular Chinese products in BRICS nations



percent to 61 percent.

Cross-border e-commerce among the five nations will also gain traction, with transaction volume predicted to jump six-fold to \$553.6 billion in five years, accounting for 41 percent of sales generated from the entire cross-border shopping network.

The report found that the Chinese people are increasingly drawn to Russian candies and cookies, Indian

handicrafts and spices, and Brazilian pine nuts and propolis, as well as grapefruit and wine from South Africa.

Meanwhile, customers in the four countries are most attracted to Chinese apparel, mobile phones and accessories, and consumer electronics, according to data from AliExpress, an Alibaba export subsidiary targeting overseas buyers.

AliResearch attributed the

foreseeable e-commerce boom to the maturing IT infrastructure, the prevalence of smartphones, and enhanced payment and logistics capabilities.

For instance, AliExpress has been the biggest cross-border shopping site in Russia since 2014, according to researcher TNS. Its popularity is largely thanks to improved logistics efficiency by working with local vendors.

"Using algorithms and real-time analysis, we have cut the average delivery time from up to a month to just four days in Russia, and we plan to achieve 72-hour delivery in five years," said AliExpress General Manager Shen Difan.

Mobile payment is also picking up quickly in India as the country's largest e-wallet operator Paytm supports smooth mobile transactions and is on course to introduce a money market fund, a payment bank and a credit scoring system, similar to the architecture of China's Alipay.



A worker fastens a screw at a production line in a JAC Motors plant in Anqing, Anhui province. JIANG SHENG / FOR CHINA DAILY

JAC teams up with Baidu on autonomous cars

By LI FUSHENG
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China's JAC Motors said on Tuesday that it will produce autonomous cars with the country's internet giant Baidu Inc, with the first mass-produced model scheduled to roll off the assembly line in 2019.

The announcement came in Shanghai, as the automaker delivered 32 cars to Baidu to collect information for high-definition maps.

JAC Motors' share price rose to a six-week high of 10.29 yuan (\$1.53) on Wednesday morning, but dipped a little to close at 9.95 yuan, a 4.08 percent rise from the previous day.

The cooperation came within two months of Baidu's launching its Apollo plan, which aims to provide open, comprehensive, and reliable software for the development of autonomous vehicles.

JAC Motors said that Baidu will offer a comprehensive solution that covers high-definition maps as well as location, sensing, planning and decision-making technology.

But the automaker did not reveal how it will acquire the important hardware required for such vehicles. Automotive suppliers, including Bosch, are currently involved in the Apollo plan.

According to Caixin magazine, Li Weibing, a senior

executive at JAC Motors, said the two sides are planning to base their development on a new energy car and the first car is expected to be finished in early 2018 for testing autonomous functions.

When mass-produced in 2019, the model will be technologically prepared for Level 3 autonomous functions, based on the six-level framework defined by the Society of Automotive Engineers International.

Analysts said a key difference between Level 3 and Level 2 functions, like those found in Tesla cars, is that drivers will be allowed to take their eyes off the road and perform other activities under certain traffic or envi-

ronmental conditions.

But Li added that whether the model finally available in the market has Level 3 functions will depend on a number of conditions, including whether such cars are allowed to hit the road.

China currently does not have legislation in this regard, but autonomous cars are currently not allowed to be tested on public highways.

Last month in Spain, Audi debuted an A8 sedan with Level 3 functions, which will reach the market in 2018. Meanwhile Ford and Volvo are planning to skip Level 3 to Level 4, at which a vehicle can drive itself without human intervention in most driving conditions.

Expert discounts risk of Chinese financial crisis

By ZHANG YUE
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China may not encounter a major financial crisis like the one that hit the United States almost a decade ago given the former's tight financial regulation and low household mortgage ratio, a senior economist said.

"Many people are concerned that China may face systematic financial risks similar to the US nine years ago," Zhu Ning, deputy director of the National Finance Research Institute of Tsinghua University, told China Daily.

"I think there are two things

that are good about China. First, China has a comparatively more strictly regulated capital market and financial market, making related risks less complicated and more controllable. Second, we have a much lower resident leverage ratio in the property market," said Zhu, who is also the Oceanwide professor of finance at Tsinghua.

China's household mortgage to overall loans ratio is about 15 percent, compared with about 40 percent in the US.

Still, Zhu warned that "at the moment, property prices in China are running at a rate much higher than the basic rate

of general investment returns".

Stricter financial regulations imposed in the wake of the National Financial Work Conference in July should have a major impact on China's financial sector, and finance regulation should be on the same page with the country's rapid financial innovation, Zhu said.

"The National Financial Work Conference held in July will undoubtedly have a long-term, deep impact on China's financial sector, and what we should mostly pay attention to at the moment is not let a new mode of financial monopoly replace the old ones amid

stronger regulation," Zhu said.

Zhu is also the author of the book *China's Guaranteed Bubble: How Implicit Government Support has Propelled China's Economy while Creating Systemic Risk*. The book was written from 2014 to 2015, and was published in February 2016 in both English and Chinese.

In the book, Zhu looks at the risks accumulating in China's economy, especially in the financial and real estate sectors. He explained that some of the key drivers behind many problems facing China's current economic transition, such as excessive production capacity in traditional indus-



Zhu Ning, deputy director of the National Finance Research Institute of Tsinghua University

tries, high property prices, as well as the reform of SOEs, are a longtime implicit guarantee from the government so that people have already taken such guarantees for granted, and are much less aware that with any investment, there will be risks.

"Implicit Chinese government guarantees, which have helped drive investment and expansion, are also largely responsible for the challenges the country now faces. But it's important for us to realize that it might be hard for the growth model

of the past three decades to continue to bolster China's economic development," he argued.

He believes that China's economic growth will depend on how successful policymakers are in delivering supply-side structural reforms and economic rebalancing.

"Many developed countries have long been critical about China's development model. But China turned out to be one of the largest contributors to the world economy during the 2008-09 global financial crisis and is now the world's second-largest economy," he said.

Lingerie giant to stage Shanghai show

By WANG ZHUOQIONG
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Victoria's Secret, the world leading retailer of women's lingerie, will have its first fashion show in Shanghai this November, further elevating its brand awareness in the country.

Dubbed the world's most celebrated fashion show, the runway event will be seen in more than 190 countries and regions. Last year's show received 1.4 billion views.

The US-based lingerie designer and manufacturer has invited its all-star line-up of Victoria's Secret Angels, including returning models Adriana Lima, Alessandra Ambrosio and Behati Prinsloo, as well as new faces.

L Brands Inc, the parent of Victoria's Secret, considers China its most important global market, according to reports by Inside Retail Asia. Its executive said last November that they expect, within five years, the markets of China, Western Europe and the Middle East will each account for \$1 billion in annual sales.

In March, Victoria's Secret opened flagship stores in Shanghai and Chengdu.

169.9
billion yuan

value of China's female underwear market by 2021

The Shanghai store is the third outlet in the world after New York and London to have a Victoria's Secret Suite, providing a private shopping area and luxury experience.

The US company currently has 30 stores on the Chinese mainland — but most focus on body and beauty products rather than lingerie, swimwear and activewear.

The country's female underwear market is booming.

According to Euromonitor, a market research provider, China's woman's underwear has market value of up to 139.4 billion yuan in 2016 from 129.7 billion (\$19.35 billion) in 2015. It forecasts the market volume will grow to 169.9 billion yuan by 2021.

Domestic brands dominate the market. Cosmo Lady tops the market share by 3.7 percent, followed by Beijing Aimer Lingerie Co Ltd's Aimer at 2.4 percent and Tingmei Group Health-care Science & Technology Co Ltd at 1.2 percent.

L Brands Inc reported net sales of \$2.75 billion for the second quarter ended July 29, 2017, compared to sales of \$2.89 billion for the second quarter ended July 30, 2016. The company reported a sales decrease of 8 percent for the second quarter ended July 29, 2017.

What's news



GOVT AND POLICIES

Govt body 'reviews' Apple complaint

China's State Administration for Industry and Commerce is reviewing an antitrust complaint accusing Apple Inc of abusing its dominant position in smartphone applications, sources said. The regulator is studying the information following a complaint filed on behalf of developers before deciding if a formal investigation is necessary, said the sources. The review is preliminary and Chinese antitrust agencies usually review such information before deciding whether an official probe is needed. Beijing-based law firm Daxiao, or Dare & Sure, said earlier this month it filed complaints on the developers' behalf to the SAIC and the National Development and Reform Commission. The lawyers accused Apple of removing apps without a proper explanation and taking an excessive 30 percent cut of in-app transactions, it said in an Aug 8 statement.

Central bank boosts liquidity

China's central bank on Tuesday boosted market liquidity via open market operations, following net cash withdrawals for six consecutive working days. The People's Bank of China injected 50 billion yuan (\$7.5 billion) through seven-day reverse repos, a process in which the central bank purchases securities from commercial banks with an agreement to sell them back in the future. The interest rate of the reverse repos was 2.45 percent, unchanged since mid-March. The injection was offset by 40 billion yuan in

maturing reverse repos, leading to a net addition of 10 billion yuan into the market. The central bank has increasingly relied on open market operations for liquidity management, rather than cuts in the benchmark interest rates or reserve requirement ratios.



COMPANIES AND MARKETS

Arrail gets \$90m in D-round finance

Arrail Dental Group, a high-end dental service provider in China, announced on Tuesday that it has completed its D-round financing and received an investment totaling \$90 million. Zou Qifang, founder and president of Arrail Group, said it will use the money to set up more than 1,000 dental clinics in China in next five to eight years. In 1999, when realizing the market potential in China for high-end oral healthcare, Zou established Arrail in Beijing, providing high-quality oral medical services to China's middle class and foreign residents. Its businesses have expanded to Shanghai, Shenzhen and many cities with around 100 clinics, providing dental treatment to around 5 million people. "We want to cooperate with investors, who have similar values and focus on long-term development to expand the market," Zou said.

Abbot to update pacemaker software

US healthcare company Abbott Laboratories said on Tuesday it would update firmware, or embedded software, for its pacemakers so that the implanted device for correcting abnormal heart rhythms is less likely to be hacked. "Con-

Aquatic offerings



An employee from a Vietnamese aquatic product company introduces the company's products at an ongoing industry expo in Ho Chi Minh City, Vietnam. XINHUA

nected devices are having a significant positive impact for patients and their health," said Robert Ford, executive vice-president of Medical Devices at Abbott. "To further protect our patients, Abbott has developed new firmware with additional security measures that can be installed on our pacemakers." The update is for pacemakers with radio frequency telemetry capabilities, meaning that they are wirelessly connected by radio waves for recording and transmitting the readings of the devices. It includes data encryption, operating system patches, and the ability to disable network connection features.

Ford cooperates with Domino's Pizza

Ford Motor Co and Domino's Pizza began a test on Tuesday

to use self-driving vehicles to deliver pizzas to their customers. The Detroit-based automaker is providing a self-driving Ford Fusion Hybrid car equipped with Ford's full suite of cameras, sensors and radar for testing in Ann Arbor city of Michigan state for about six weeks. However, the car will not be operated in an autonomous mode. One Ford engineer hidden behind tinted windows will drive the car, and another will monitor input from the car's hardware. It will not be the first experiment with advanced pizza delivery technology.

Nord Stream 2 gets European funding

Nord Stream 2 AG, the project company established for the Nord Stream 2 gas pipeline, received a total of

324 million euros (\$388 million) in funds from five European companies in July. Russian energy company Gazprom said on Tuesday. "Nord Stream 2 AG borrowed funds from five European companies in July 2017 under conditions of the long-term financing agreement made among the parties in April 2017," Gazprom, Russia's state and largest natural gas company, said in a report. Earlier, Russian Energy Minister Alexander Novak said the Nord Stream 2 gas pipeline construction project will be implemented in due time despite new US sanctions that allow fining European companies for participation in joint energy projects with Russia, including Nord Stream 2 pipeline project.

countries to sign them early next month. The cabinet approved the Construction Supervision Consultant Services Agreement with a budget of 3.5 billion baht (\$103 million), which has been increased from some 1.6 billion baht earlier provided. Thailand and China are going to sign these two contracts during Thai Prime Minister Prayut Chan-o-cha's visit to China, Transport Minister Arkhom Termpitayapaisith said on Tuesday.

Malaysia's growth 'to reach 5.4%'

Standard Chartered Global Research on Wednesday raised Malaysia's full year gross domestic product growth forecast to 5.4 percent, from 4.6 percent. It attributed the uptick to the country's much stronger-than-expected first half growth of 5.7 percent. Two key areas that positively surprised the research body in the first half were private consumption, which rose close to 7 percent year-on-year, and private investment, which increased 10 percent year-on-year. "Exports picked up in line with our expectations, although higher imports curtailed the contribution from net exports," it said. Despite the strong first half economic growth, Standard Chartered Global Research maintained its view that growth will moderate in the second half.



AROUND THE WORLD

Railway project approved

The Thai government on Tuesday approved the supervision contract of the first phase of the Thailand-China railway project after approving the design contract last Tuesday, paving the way for the two

Iran exports light-duty trucks

Iran has started to export locally produced light-duty trucks to the Iraqi autonomous Kurdistan region, the Financial Tribune daily reported on Tuesday. Iran's Soroush Diesel Mabna company, the official dealership of South Korea's Hyundai commercial vehicles, has begun to ship its locally produced light-duty trucks to the region, the report said. Soroush has clinched a deal with the Iraqi side to supply 985 of its Hyundai trucks by the end of current Iranian calendar year in March 2018, the report said. Soroush CEO Mostafa Taheri said that the company will export the vehicles in two stages.

Automakers cut rates on contracts

The Iranian authorities issued a mandate on Tuesday that requires automakers to reduce interest rates offered on pre-sale contracts, the Financial Tribune daily reported. The Central Bank of Iran and the Ministry of Industry, Mines and Trade have jointly issued a mandate that requires automakers to reduce interest rates offered on pre-sale contracts, the report said. In order to attract short-term investment, most Iranian automakers offer a high interest rate on customers' down payments prior to receiving their car. The scheme acts as an incentive for buyers to receive a small discount on their new car. According to the new rule, interest offered by automakers will be cut to 18 percent from 25 percent, the report said.

Vehicle firms stop operations

More than 21,700 enterprises in Vietnam specializing in trading or repairing automobiles and motorbikes stopped operation in the first eight months of this year, the country's Business Registration Management Agency said on Wednesday. Specifically, 6,821 firms ceased operation for a short period of time, up 14.7 percent year-on-year, and 11,990 others did the same but for a long period of time, up 14.5 percent. Meanwhile, 2,921 enterprises, which engaged in vehicle wholesales, retails or repair, were dissolved due to business difficulties, said the agency which is under the Ministry of Planning and Investment.

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Regulators plan crackdown on insurance rule breakers

By LI XIANG
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Chinese insurers with rule-breaking and dishonorable records will face stricter market access as the country's top insurance regulator intensified crackdown in cooperation with other government agencies on Wednesday.

The China Insurance Regulatory Commission signed a memorandum of understanding with 30 ministries and regulators including the People's Bank of China, and the National Development and Reform Commission, to jointly crack down on illegal activities in the insurance sector, and they vowed to hold wrongdoers accountable. Insurers will face restrictions in establishing banking, securities and insurance subsidiaries or branches for their wrongdoings and will be restrained from participating in government procurement and getting government subsidies, according to the MoU.

Rule-violating records will also affect insurers' future fundraising as the regulators will take the records as key reference when approving their share sales and access to bank loans and foreign exchange. Individuals with dishonora-

“The cooperation of various government agencies will help ensure the penalties are effective.”

Liang Tao, vice-chairman of CIRC

ble records will also face disqualification for senior executive positions at financial institutions and State-owned enterprises.

The MoU, which specified 28 measures to punish wrongdoing in the insurance sector, came as Chinese regulators have stepped up their efforts to contain financial risks.

While China's insurance industry is growing rapidly, with total assets exceeding 15 trillion yuan (\$2.3 trillion) last year, the regulators are becoming increasingly wary about risky and aggressive domestic and overseas investment by some insurers that runs the risk of mismatching their

assets with liabilities.

Liang Tao, vice-chairman of the CIRC, said that the MoU will increase the regulatory deterrence and effectiveness and it was a milestone in the development of a credit system for the insurance industry.

"It will help improve the industry's ability to prevent and resolve financial risks," Liang said at a news conference in Beijing. "The cooperation of various government agencies will help ensure the penalties are effective and the wrongdoers are held accountable."

"A good credit record is the lifeline of the insurance industry and the core competitiveness of insurance companies," he added.

Xu Xiaobo, an official with the NDRC, the country's top economic regulator, said that greater information sharing among various government agencies is crucial to improve the regulation of the insurance industry.

China is building a unified credit information platform to pool the information from different government agencies and local authorities and to establish a complete credit record of companies, according to Xu.

Luxury labels get an online makeover

JD Fashion and Alibaba's Pavilion site battle it out to showcase blue chip brands as they root out internet fakes

By FAN FEIFEI
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Luxury labels are at the center of a new online battle between Chinese internet giants looking to cash in on the consumer craze for designer fashion.

Big players such as JD.com Inc and Alibaba Group Holding Ltd are going head-to-head to capture a market which is worth billions of dollars a year.

In a move to dominate the industry, JD Fashion was rolled out earlier this year.

Then in June, parent company JD.com announced a strategic partnership with Farfetch UK Ltd by taking a \$397 million stake in the London-based online fashion group.

Two months later, Alibaba hit back by launching the Luxury Pavilion site for blue chip brands on its e-commerce platform Tmall.

"We are making a major push in fashion this year," said Liu Hong, general manager of jewelry, luxury goods and accessories at JD Fashion. "The next frontier of e-commerce is fashion and we plan to win it."

Less than a decade ago, the majority of top-of-the-range labels were bought by Chinese consumers when they traveled abroad.

Many were personal shoppers, who would bring back preordered designer brands to avoid custom tax, a practice known as *daigou*.

But those days are being consigned to history as high-end retail districts sprout up in major cities, such as Beijing, Shanghai, Guangzhou and Shenzhen, catering for the affluent middle class.

A report by the consulting firm Bain & Co showed that China remains an "engine of growth" for luxury fashion items, capturing 30 percent of the global market last year, which was a slight decrease compared to 2015.

Still, in another research document, KPMG, one of the big four global auditors, revealed that up to 50 percent of domestic luxury consumption in China will be generated online by 2020.

With eye-watering figures like these being banded around, it is hardly surprising that JD.com and Alibaba are



A Tmall mascot poses with a Maserati SUV Levante 350HP in Hangzhou, Zhejiang province, after the luxury carmaker sold its first 100 models on the Alibaba online platform. Starting at 999,800 yuan, Maserati sold all 100 cars in 15 minutes last year. XU KANGPING / FOR CHINA DAILY

starting to make waves in the sector.

"The newly-created JD Fashion is a separate business unit with a staff of more than 1,000 people, which demonstrates our commitment to this market," said General Manager Liu.

To help mastermind the operation, the e-commerce juggernaut brought in Winston Cheng to spearhead its international business development.

He had previously worked

for LeEco, the multinational electronics conglomerate based in Beijing.

"We are putting resources into Europe and the United States to win over brands, and prove how serious we are about the luxury sector," Liu said.

Already JD.com has lined up leading labels, such as Swiss watch maker Zenith and Austrian jeweler Swarovski, as well as Trussardi and Tag Heuer.

The deal with Farfetch in

the UK has further strengthened its grip on the industry.

JD.com has even wheeled out a "white glove" express delivery service in which smartly dressed couriers in electric cars drop off purchased items to customers.

"Luxury fashion brands will see that we really understand them," said Liu, adding that the company plans to roll out more initiatives without going into details.

Last year, China's cross-border e-commerce import trans-

actions reached 1.2 trillion yuan (\$180.2 billion), an increase of 33.3 percent compared to 2015, a report released by China E-Business Research Center revealed.

This year that figure is expected to increase by 54.5 percent to 1.85 trillion yuan.

With so much at stake, Alibaba has been quick to take up the challenge by launching Luxury Pavilion.

The new site on Tmall features an array of designer labels from apparel, perfumes

and beauty products to watches and jewelry from Burberry, Hugo Boss and LVMH-owned marque names Guerlain and Zenith.

Part of Luxury Pavilion's appeal is that leading labels can launch their "official stores" on the site and run the businesses on a daily basis.

"Luxury brands increasingly want to use new retail technology and consumer insight to connect with younger shoppers, as well as drive business-model innovation," said Liu

and beauty products to watches and jewelry from Burberry, Hugo Boss and LVMH-owned marque names Guerlain and Zenith.

“Luxury brands are catching on and e-commerce is the next frontier for growth in a crucial market.”

Liz Flora, editor of the Asia Pacific region for market research company I2

Xiuyun, the head of Tmall's fashion business.

Combating counterfeit brands has also become a priority with JD.com taking a tough stance by controlling inventories and vetting retailers on its fashion site. The move has paid off.

"As a testament to our commitment to authenticity, we have become the first and only Chinese e-commerce company to join the American Apparel & Footwear Association, where we will work with them on intellectual property issues," General Manager Liu said.

Alibaba has gone down a similar road to beat the "pirates".

Earlier this month, the online giant joined forces with the Kering Group to weed out counterfeit brands.

The French company based in Paris owns labels such as Gucci, Yves Saint Laurent, Balenciaga, Alexander McQueen and Bottega.

Protecting those intellectual property rights in China has become a priority as the group rides a new wave of online shopping.

"Luxury brands are catching on and e-commerce is the next frontier for growth in a crucial market," said Liz Flora, editor of the Asia Pacific region for market research company I2.

But the problem of fake labels has left many online shoppers wary of buying luxury items, Lu Zhenwang, CEO of Wanqing Consultancy in Shanghai, stressed.

"Making sure the authenticity of luxury products will boost customer confidence in China (and increase sales)," Lu said.

White glove service with a touch of style

By FAN FEIFEI

It was about 2 pm and Shang Kai was in a hurry. The 27-year-old courier was busy delivering a luxury designer bag to a client in Beijing.

Just two hours ago, the customer had placed an order through the new JD Fashion site on JD.com Inc's online platform.

With the clock ticking, Shang had to drop off the package by 3 pm. Naturally, he eventually arrived on time, leaving his client pleasantly surprised.

For unlike other couriers, he stepped out of an electric car dressed in a black suit, wearing a white shirt with a dark gray tie.

Shang also wore spotless white gloves as he handed over the expensive designer handbag in a glitzy gift box.

"Customers are usually surprised to see me delivering packages," said Shang, who is part of JD.com's white glove delivery service for JD Fashion, which was set up earlier this year.

"I am proud to be on the team and I hope I provide a superior shopping experience

for our clients," he added.

As online Chinese consumers become more sophisticated, e-commerce companies, such as JD.com, are rolling out more specialized retail experiences when it comes to the luxury market.

In June, the internet group launched JD Luxury Express, a new high-class delivery service for marque brands.

E-cars replaced the traditional tricycles and scooters, while the couriers stepped out in suits and ties, as well as white gloves.

Indeed, staff have to meet a strict criteria. They must be between 25 to 35 years old and 170 cm to 185 cm tall, as well as being "good-looking", according to JD.com.

They must also have extensive driving experience and speak fluent mandarin, the company stated.

Initially, the white glove delivery service is being launched in Beijing, Shanghai and Guangzhou. But it is expected to expand across the country in the next few years.

Costs are included in the purchase of luxury items which, depending on the size,



A JD Fashion site courier in a white shirt and black suit gets ready for a delivery mission in Beijing. PROVIDED TO CHINA DAILY

25-35 year olds

the age criteria for white glove staff serving on JD's luxury product platform

are usually delivered within 24 hours.

For the couriers, this is a different experience. Shang used to work as a "delivery man" for online retailer Yihaodian for five years.

But a few months ago, he was selected from 50 candidates to join JD.com's white glove service.

"Before starting (my new job), I received professional etiquette training," he said.

"We were told to keep our distance from customers and to present the packages respectfully with both hands," he added.

Shang confessed it was cru-

cial to have the right attitude to succeed as an up market courier.

At times, it can be stressful but it was important to present a "friendly face" when delivering luxury labels to clients, he pointed out.

"Obviously, I can finish my work quite quickly when the orders are all from the same area," Shang said. "Moreover, I work hard to be cheerful in front of our clients, so they will use us again."

Zhenhui Wang is the CEO of JD Logistics and is delighted with the way the white glove service is working out.

He has a simple approach to the philosophy behind this latest venture.

"Customers who buy premium products online deserve a premium service," Wang said.

"We are raising the bar for what consumers and brands will come to expect from the luxury e-commerce experience."

Vip.com uses flash sales to make market impact

By CHENG YU and FAN FEIFEI

It was quite a coup for startup Vip.com.

The e-commerce company announced it would sell products from Make Up For Ever, a high-end cosmetics brand and part of global giant LVMH, on its platform.

But then, this was just another important step for the Guangzhou-based group as it expands its luxury label portfolio.

Vip.com is dedicated to selling famous luxury brands involved in fashion, beauty goods, luggage and perfumes.

"Compared with other online luxury platforms, our company is built around our competitiveness," said Hong Xiaobo, chief operating officer of the company.

The online retailer has a unique way of operating by using "virtual outlets" and "flash sales". Every morning at 10, the website offers 12 to 17 luxurious brands at big discounts.

Each product is on sale for three to five days.

This business model is common in the United States but relatively new in China's major cities.

Launched in 2008, Vip.com is one of the few online



A billboard advertising Vip.com in Shanghai. YAN DAMING / FOR CHINA DAILY

e-commerce platforms involved in "flash sales" here.

"Another advantage of our website is that we offer a wide range of luxurious brands, including popular labels from overseas markets," said Hong. "These might not be familiar to domestic shoppers."

Vip.com has put together various deals with marque names, agents and fashion buyers.

A company report showed the e-commerce startup generated revenue of 17.52 billion yuan (\$2.63 billion) in the second quarter, up 30.3 percent year-on-year.

It also made a profit for the

19th straight quarter but declined to give detailed financial figures.

Even so, Vip.com has had to tighten its security process after media reports claimed that customers had been sold fake goods.

"Some suppliers may provide counterfeits to increase profits," said Chen Tao, an analyst at internet consultancy Analysys in Beijing.

"If Vip doesn't strictly control its products, fake ones are likely to appear on its e-commerce platform," Chen added.

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Blueberry fields forever: Canada export boom

From page 1

natural producer of wild blueberries; there is a big market, and it works both ways."

Sargent's parents started the business in 1951. They regularly bought and leveled land, cultivating and expanding as well as pruning crops manually.

"Now harvesting machines have been added to the farm, as nobody wants to tend to it," he said.

Last year, the Sargent family farm exported 1.8 million pounds of wild blueberries. An average of 3,000 to 6,000 pounds per acre could be harvested under the right weather conditions.

"But last year's output of 1.8 million pounds was the largest," he added.

According to Sargent, wild blueberries should get at least an inch of rain per week, and during drier weather, some irrigation.

Sargent believes that the big Chinese market would give the industry a much-needed boost. "We need new markets now, and we hope more and more of our products can be sold to China."



We are ... looking forward to developing some partnerships with Chinese companies."

Homer Woodward, VP of Jasper Wyman & Son

Michel Baril is another second-generation grower, who owns 200 acres of wild blueberry land in St-Felicien, Quebec. Although the berry price has fallen compared to last year's price of 35 cents a pound, Baril and his family would like to spend more time harvesting at night while there is always dew on the crops to ensure their freshness.

"You have to love and have a passion for what you do," Baril said. "We have been in agriculture for a long time, and there's ups and downs, and if you're not passionate about it, (and) you're only in it for the money, that's not going to work. You have to be passionate about getting quality product."

Peter J. Rideout, the executive director of the Wild Blueberry Producers Association of Nova Scotia, said that global demand for Canada's wild blueberries, known for their excellent taste, nutritional value and other health benefits, has increased.

The industry in Nova Scotia encompasses 44,000 acres of naturally grown wild blueberries that could further drive the growth of the crop in the Atlantic region.

"Farmers, producers, manufacturers and officials have been encouraged by the immense economic contribution of this crop," said Rideout, who is also the head of the Wild Blueberry Research Institute at the Dalhousie University. "Our research centre had been set up to encourage cultivators to ensure a reliable and sustainable supply to meet global demand."

The suppliers

One of the success stories on the processing side is that of Matthew Bragg, vice-president of sales and marketing at Oxford Frozen Foods Ltd, whose family business is part of the C\$100 million wild blueberry industry in Nova Scotia.

Started by his father John Bragg in 1968, the family business now can process up to 1.5 million pounds of frozen blueberries and byproducts per day.

"We have been freezing Canadian wild blueberries for exports over the past 49 years. We sell to over 30 countries around the world, including the US, Japan and Europe, and more recently, China," Bragg said.

Like many other wild



Michel Baril (third from right), the second-generation grower who owns 200 acres of wild blueberry lands in St-Felicien, Quebec, poses with his family and visitors at his farm, ready to harvest. PHOTOS BY NALI / CHINA DAILY



Left: Peter J. Rideout (left), the executive director of the Wild Blueberry Producers Association of Nova Scotia, and Neri Vautour, the executive director of the Wild Blueberry Association of North America - Canada, show the wild blueberries picked up from the test land of the Wild Blueberry Research Centre at Dalhousie University in Debert, Nova Scotia. **Right:** Gervais Laprise (left), general manager of Syndicate Producers Blueberry Quebec, present a basket of wild blueberries to Canadian Prime Minister Justin Trudeau as Trudeau attended a Wild Blueberry Harvest Festival in Roberval, Quebec in early August. PROVIDED TO CHINA DAILY



Left: Homer Woodward (left), vice-president of Jasper Wyman & Son, and the company's general manager Wade Dover show the packages of frozen wild blueberries that will be shipped to China at their plant in Prince Edward Island. **Right:** Harvesting the golden crop of wild blueberries.



blueberry business owners in Nova Scotia, Bragg's company is increasingly looking to expand to China due to surpluses, high production costs and competition in Canada.

"We worked on Chinese e-commerce site JD.com to promote our products both online and offline in China. We chose to launch Canadian wild blueberries in China on Canada Day on July 1 recently," Bragg recalled.

During the harvesting season, which started in mid-August, the frozen berries are shipped in containers from Oxford to the Port of Halifax, where they set sail to ports in Tianjian and Shanghai, and retail partners like JD.com accept deliveries.

"We visited big companies in China from time to time with government missions, and in

return, they came here to know what wild blueberries were and decided to buy blueberries and other products like seafood," said Bragg, who has traveled to China six times.

In neighbouring Prince Edward Island (PEI), Jasper Wyman & Son is another frozen wild blueberry company that was established in 1874 in the US and expanded its Canadian facilities in 2014.

Homer Woodward, the company's vice-president of operations, said they are further tapping into the Chinese market.

"We are presently selling blueberries all over the world and are looking forward to developing some partnerships with Chinese companies," Woodward said. "We received lots of assistance from the Canadian government in developing

our foreign trade."

Wade Dover, the company's general manager, said the PEI facilities have improved their processing and distribution technology.

"We'd love to be able to sell more of the best wild blueberries to China. We know there is a high demand for quality Canadian products, and we are ready to expand into new markets and take on new customers," Dover said, adding that he hopes "what we bring to the table would lead to more people wanting to buy our wild blueberries."

Bleuet Nordic is a wild blueberry supplier of infused and dried wild blueberry, based in the Lac-Saint-Jean region — the heart of the industry in Quebec. Starting from the fields to the freezers to dehydration

processing, the company's president Mario Bussière said it is fully confident it can sell its products to the world.

"We are very interested in the Chinese market, and we are going to work with our partners to promote our products in China," he said.

Founded in 1984, Quebec Wild Blueberries has worked in close collaboration with China since 2009.

"We've been selling to China for about eight years, and I've been to China five times over the past few years," said Jean-Pierre Senneville, president of the company.

"We sell mostly to the business segments, such as food preparation makers, the yogurt makers and the jam manufacturers. We are happy to see the growing demand from China."

Trading with China

An increasing number of wild blueberry companies in Canada are looking to expand trade and enhance investment overseas.

David Hoffman, co-CEO of Bragg Group, an international wild blueberry company, said it had been selling around the world for many years, and more of the exports have gone to China lately.

"Chinese middle class consumers are looking for new, healthy, imported food like wild blueberries," said Hoffman. "One of the things that we pride ourselves on is the quality of our products, in whatever traditional Chinese dish that they want."

Hoffman noted that governments on both sides play a big role in their success.

About 20 years ago, a Chinese business group visited Oxford. After the meeting, Oxford started to follow up with municipal government officials and recognised that it is important to have good government-to-government relations when it comes to doing business with China.

Now there is a trade association of growers and processors of wild blueberries from Maine and Canada — the Wild Blueberry Association of North America (WBANA), which helps promote the crop to the global market.

"Our association offers information and education on wild blueberries, helps the industry promote wild blueberry products in the world. Our agent in China works for customers by explaining the health benefits and unique difference between normal blueberries and wild blueberries," said Neri Vautour, executive director of WBANA Canada, which represents major exporters and more than 4,000 growers in Atlantic Canada and Quebec.

The association also works and cooperates with regional politicians and trade missions to China and invites Chinese groups to visit Canada to grow more business.

According to Neri, the current Federal government in Canada has been actively pursuing a pro-China trade policy, which has significantly improved relations between the two countries and boosted the industry's business prospects in China.

"While we feel positive about this, our next objective is to remove trade barriers between the two countries. Right now, there is a 47 percent tax on our products going to China overall."

He suggested both sides get together and discuss the issue and resolve the matter, as the producers want to see tariffs reduced and have greater access to the Chinese market.

In Quebec City, Alan Boivin, the vice-president of the Syndicate Producers Blueberry Quebec (SPBQ) — a union with a membership of more than 400 Quebec-based growers, also said that the province has done well as demand has risen from China.

"More growers got involved in this great potential market, now Quebec producers are working with WBANA to get the produce to China, just like other competitors," Boivin said.

Prime Minister Justin Trudeau, during his first official visit to China in August 2016, stressed the importance of agricultural products such as blueberries to Canada's economy.

Jus Nova — a Halifax based distributor, has benefited from the Canada-China trade link.

Selling Nova Scotia lobsters to China for a long time, Jus Nova began looking for other products to plug into its distribution chain and started selling wild blueberry products to China three years ago.

Kong Weiyu, a descendant of Confucius and a director of Jus Nova Agriculture Ltd, approached a 40-year old family business with a deal to market and distribute the company's blueberry juice under the Jus Nova banner.

"No doubt China is the biggest-growing market in the world," said Kong. "Chinese customers are very smart, and we get a lot of inquiry about the product."

Early next month, Keith Colwell, Nova Scotia's minister of agriculture, fisheries and aquaculture, will lead a trade mission to China, where he look to promote the provinces blueberries and build a long-term relationship with suppliers and customers.

Kong, a member of that delegation, is optimistic: "This time we will visit some major distributors in China. We are looking for further partnership with our current clients; hopefully we can increase our sales, and Chinese consumers will like our new products," Kong said.

In 2016, Nova Scotia produced and exported \$490.9 million worth of goods to China.